

Tentative Agenda
Finance Committee
June 7, 2016
6:00 p.m.
Council Chambers Conference Room

Roll Call

DISCUSSION ITEMS

- 1) Personnel Manual Update
Mark Loughry, Finance Director
- 2) Proposed LAGERS Program Change
Mark Loughry, Finance Director
- 3) Public Banking
Mark Moore, Alderman Ward 3
Eric Teeman, Alderman Ward 5
- 4) Budget Report as of 04-30-2016
Mark Loughry, Finance Director
- 5) Next Meeting Date – July 5, 2016

ADJOURNMENT

CITY OF RAYTOWN
Request for Board Action

Date: June 21, 2016
To: Mayor and Board of Aldermen
From: Mark Loughry, Finance Director

Bill No.:
Section No. V-A

Department Head Approval: _____

Finance Director Approval: _____

City Administrator Approval: _____

Action Requested: Approve and adopt the Employee Personnel Manual Revised June 21, 2016.

Analysis:

The current City Personnel Manual was adapted from the Code of Ordinances during the last recodification. It was removed from City code with the intent of completing a thorough review and update of the manual and adopting it as policy rather than codified with other statutes. The manual and code itself had not had significant review or update in at least ten years.

The City Administrator formed an employee committee representing each department with the intent of reviewing the Personnel Manual and associated employee benefits. Over the course of several months this committee met as a group and within each city department to review the manual and suggest changes. The intent was to update the policies to reflect current federal laws, ensure equitable application amongst all departments and make enhancements or changes to areas that were outdated. Overall the process went very well and all employees had the opportunity to participate in the review and creation of the proposed manual.

While many of the changes were intended to clarify current application of the policy there were a few areas that saw more in depth changes. Some those changes are highlighted below;

- A nepotism policy was added where previous there was not one.
- The probationary period was updated to require monthly evaluation during probation.
- One fixed holiday was removed and an additional floating holiday was added.
- Holiday call back was better defined.
- Holiday for employees whose work longer than an 8 hour shift was clarified.
- Maximum vacation accrual hours were updated to reflect the agreement made when the Park MOU was adopted.
- Vacation and Sick leave for EMS administrative staff were adjusted to match other employees.
- The maximum amount of sick leave accrual was reduced to reflect FMLA requirements.
- A sick leave buyback policy was created to encourage judicious use of sick leave.
- Sick leave abuse was clarified.
- Military leave was updated to reflect FMLA requirements.
- Bereavement leave was better defined.
- A tuition reimbursement policy and request form was updated/added.
- A comprehensive travel policy was added.
- A policy addressing the use of city owned vehicles was added.
- The separation from service area was updated to reflect the buyback policy and to address a few areas of concern based on past experiences.

- The Grievance policy and appeals process was updated to better define the process and employees rights or responsibilities.
- An on call policy was added.

The Employee Benefit Committee understands that while this is a great improvement over the current manual there will always be room for improvement. It is the Benefit Committee's intent to review this manual and employee benefits on an ongoing basis. This will help the City stay competitive and the city policies reflect current law and practices.

The Personnel Manual as presented has wide support from the Administrator, Department Directors and city staff. As such it is the recommendation of Administration that the manual be approved as presented.

Alternatives:

Continue to utilize the existing Personnel Manual.

Budgetary Impact:

While some of the changes proposed do have a financial impact the Finance Director has reviewed them and believes that any increased expenses will be offset by savings recognized from other changes.

Additional Reports Attached: None



PERSONNEL HANDBOOK
JUNE 21, 2016

TABLE OF CONTENTS

INTRODUCTION

I. IN GENERAL

1-1	NON-DISCRIMINATION AND ANTI-HARASSMENT	5
1-2	DISABILITY ACCOMMODATION	5
1-3	AT-WILL EMPLOYMENT	6
1-4	DEFINITION OF TERMS.....	6
1-5	HANDBOOK AUTHORIZED.....	7
1-6	RESPONSIBILITY FOR ADMINISTRATION OF HANDBOOK.....	7
1-7	PROCEDURES NOT IN DEROGATION OF STATUTES	8
1-8	SAVINGS CLAUSE	8
1-9	CONSTRUCTION OF HANDBOOK	8

2. PROVISIONS APPLICABLE TO ALL OFFICERS AND EMPLOYEES

2-1	RESIDENCY	8
2-2	NEPOTISM	8

DEFERRED COMPENSATION

2-3	PROGRAM ESTABLISHED	9
2-4	ADMINISTRATION OF PROGRAM.....	9
2-5	OWNERSHIP	9
2-6	CONTRACTS AUTHORIZED	9

3. PROVISIONS APPLICABLE TO UNCLASSIFIED EMPLOYEES

3-1	APPOINTMENT OF OFFICERS.....	9
3-2	REMOVAL OF APPOINTIVE OFFICERS	9
3-3	FILLING VACANCY IN ELECTIVE OR APPOINTIVE OFFICE	10
3-4	EVALUATION OF DEPARTMENT HEADS.....	10

4. PROVISIONS APPLICABLE TO CLASSIFIED EMPLOYEES

4-1	APPLICATION OF ARTICLE	10
4-2	DEPARTMENTAL REGULATIONS AUTHORIZED	10

EMPLOYMENT

4-3	RECRUITMENT	11
4-4	APPLICATIONS.....	11
4-5	EMPLOYMENT CATEGORIES.....	11
4-6	EMPLOYMENT OFFERS AND RATES	11

OUTSIDE EMPLOYMENT

4-7	PERMISSION AND RESTRICTIONS.....	11
-----	----------------------------------	----

CERTIFICATION AND APPOINTMENT	11
4-8 VACANCIES	11
4-9 APPOINTMENTS	11
PROBATIONARY PERIOD.....	12
4-10 PURPOSE.....	12
4-11 DURATION.....	12
RECORDS AND REPORTS.....	12
4-12 PERSONNEL RECORDS.....	12
4-13 REPORTS.....	13
4-14 EFFECTIVE DATES FOR SALARY CHANGES.....	13
BENEFITS	13
4-15 POLICY.....	13
4-16 HOLIDAYS.....	13
4-17 VACATION	14
4-18 SICK LEAVE	15
4-19 LEAVES OF ABSENCE	18
4-20 INSURANCE BENEFITS.....	20
4-21 PENSION PLANS	21
4-22 TRAINING AND EDUCATIONAL ASSISTANCE	21
4-23 TRAVEL LEAVE	22
4-24 USE OF CITY-OWNED OR LEASED VEHICLES	26
4-25 ELECTRONIC COMMUNICATION AND INTERNET USAGE	27
4-26 WORKSITE BREASTFEEDING	27
SEPARATION FROM MUNICIPAL SERVICE	28
4-27 RESIGNATIONS.....	28
4-28 REDUCTION IN FORCE; LAYOFF	28
4-29 SEPARATION PAY	28
4-30 TERMINATION	28
CITIZENS PERSONNEL COMPLAINTS	29
4-31 PURPOSE.....	29
4-32 COMPLAINTS IN WRITING.....	29
4-33 DELIVERY	29
4-34 CITY ADMINISTRATOR'S DUTIES.....	29
GRIEVANCE POLICY.....	29
4-35 PURPOSE.....	29
4-36 POLICY	29
4-37 GRIEVANCES TO BE IN WRITING	29
4-38 ADDITIONAL REVIEW	30
4-39 PROTECTION.....	30

DISCIPLINARY POLICY	30
4-40 POLICY STATEMENT.....	30
4-41 PURPOSE.....	30
4-42 DISCIPLINE AND DISMISSAL POLICY AND PROCEDURES.....	31
4-43 PROCEDURE FOR APPEALING DISCIPLINARY ACTIONS.....	34

5. COMPENSATION AND CLASSIFICATION PLAN

5-1 THE PLAN.....	37
5-2 PURPOSE.....	37
5-3 ADMINISTRATION OF THE PLAN.....	37
5-4 CLASSIFICATION OF POSITIONS.....	37
5-5 POSITION DESCRIPTIONS.....	37
5-6 APPLICATION OF THE COMPENSATION PLAN.....	38
5-7 SPECIAL ALLOWANCES.....	38
5-8 WORKING HOURS.....	38
5-9 TIME REPORTING.....	38
5-10 OVERTIME POLICY.....	39
5-11 ON CALL POLICY.....	39

6. VIOLENCE IN THE WORKPLACE

6-1 PURPOSE.....	40
6-2 DEFINITIONS.....	40
6-3 PROHIBITED ACTIONS.....	41
6-4 EMPLOYER RESPONSIBILITIES.....	41
6-5 EMPLOYEE RESPONSIBILITIES.....	41
6-6 IMPLEMENTATION.....	42
6-7 REPORTING INCIDENTS.....	43
6-8 CONCLUSION.....	43

7. SUBSTANCE ABUSE

7-1 STATEMENT OF PURPOSE.....	43
7-2 APPLICATION OF THIS POLICY; DEFINITIONS.....	44
7-3 PROHIBITED ACTS AND DISCIPLINARY ACTIONS.....	45
7-4 TESTING FOR THE PRESENCE OF ALCOHOL AND DRUGS; WHEN AUTHORIZED; WHAT SUBSTANCES WILL BE TESTED FOR.....	46
7-5 TESTING PROCEDURES; DISCIPLINE WHICH MAY BE IMPOSED FOR CONFIRMED POSITIVE TEST RESULTS; MANDATORY AND VOLUNTARY REFERRAL TO EMPLOYEE ASSISTANCE PROGRAM.....	47
7-6 EMPLOYEE ASSISTANCE PROGRAM.....	49
7-7 APPEAL RIGHTS.....	50
7-8 STATEMENT OF INTENT TO COMPLY WITH THE REQUIREMENTS OF THE DRUG-FREE WORKPLACE ACT.....	50

INTRODUCTION

This Employee Handbook is designed to provide you with information about working conditions, benefits, and some of the policies affecting your employment with the City of Raytown. You should read, understand, and comply with all of the provisions of the Handbook. It describes many of your responsibilities as a member of our team, and outlines the programs developed by the City of Raytown to benefit you and your fellow employees.

No employee handbook can anticipate every circumstance or answer every question about policy. As time progresses, it will undoubtedly prove necessary to revise this Handbook. Accordingly, the City of Raytown reserves the right to revise, supplement, amend or rescind any policies or programs contained in this Handbook from time to time as it deems appropriate, in its sole and absolute discretion. You will, of course, be notified of any such changes to the Handbook as soon as reasonably possible. The provisions contained in this Handbook supersede any and all contrary verbal or written policies, statements, including previous Handbooks or representations made by the City of Raytown.

I. IN GENERAL

1-1. Non-Discrimination and Anti-Harassment Policy

It is the policy of the City of Raytown to provide equal employment opportunity and services for all qualified persons without regard to race, color, national origin, sex, religion, genetic information, age or disability. Equal employment opportunity includes employment, transfer, promotion, demotion.

The City is committed to maintaining a work environment free of discrimination. In keeping with this commitment, the City strongly disapproves, and will not tolerate, any kind of harassment of employees or applicants for employment, by anyone, including any co-worker, supervisor or nonemployee. Harassment consists of unwelcome conduct - whether verbal, physical, or visual - that is based upon a person's sex, color, race, disability, veteran's status, or other status protected by state, federal or local laws.

Any employee or applicant for employment who is subject to, witnesses, or has knowledge of any actions or conduct that could be perceived as sexual harassment or any other form of harassment prohibited by this policy should report it promptly to an appropriate management official. Employees may choose to report violations of this policy to their supervisor, a department head, the Human Resources Manager or the City Administrator.

If you believe that you are the victim of discrimination or harassment or you observe others being harassed or discriminated against, you should first let the harassing person know of your objections, if possible. If you find it difficult to do so or your first objections do not produce results, report the problem to your manager, the Department Head, Human Resources or the City Administrator.

All reports of violations of this policy will be promptly and thoroughly investigated and, to the maximum extent possible, investigations will be conducted so as to protect the confidentiality and privacy of the parties involved. If an investigation confirms that a violation of this policy has occurred, corrective action will be taken, up to and including termination of employment, as is necessary to assure a workplace free of harassment. The City's policies, as well as federal and state laws, prohibit retaliation against employees who file complaints, cooperate with or participate in any procedures or investigations related to complaints of discrimination, including complaints of sexual harassment and other forms of harassment, or are suspected of having so participated. Therefore, employees should object to sexual and other forms of harassment and report violations without fear of reprisal or retaliation.

1-2. Disability Accommodation

It is the policy of the City to comply with all federal and state laws concerning the employment of persons with disabilities. It is our policy not to discriminate against qualified individuals with disabilities in regard to application procedures, hiring, advancement, discharge, compensation, training or other terms, conditions and privileges of employment.

The City will reasonably accommodate qualified individuals with a disability so that they can perform the essential functions of a job unless doing so causes a direct threat to these individuals or others in the workplace and the threat cannot be eliminated by reasonable accommodation and/or if the accommodation creates an undue hardship to The City of Raytown. Contact the Human Resource department with any questions or requests for accommodation.

1-3. At-Will Employment

All employment is for an unspecified term and can be terminated, either at the City's or the employee's option, at any time, with or without cause, and with or without advance notice. Nothing herein is intended to create an express or implied contract inconsistent with such "at will" nature of the employment.

1-4. Definition of Terms.

The following words and phrases shall have the meanings indicated throughout this handbook except where the context clearly indicates otherwise:

Appointing authority. The City Administrator or his duly authorized representative, except as that power is specifically reserved by statute to the Mayor and/or Board of Aldermen.

Appointment. The designation to a position in the municipal service of a person by the appropriate appointing authority.

Classified employee. An employee holding a position in the classified service.

Classified service. The classified service is comprised of all positions not specifically set forth as unclassified.

Date of hire. The date on which an employee is appointed to the municipal service. When an employee is transferred from the unclassified to the classified service, the date of hire shall be the date of his appointment to the classified service.

Demotion. The movement of an employee from a position to a position having a lower maximum salary rate.

Department. Any of the departments in the municipal government, now or as hereafter established by ordinances of the City of Raytown, Missouri.

Department Head. The officially appointed or elected head of any department.

Grievance. A grievance is a disagreement relating to employment and working conditions or relationships between an employee and his supervisor or other employees.

Immediate family. Is defined to include; spouse, domestic partner, cohabitant, child, stepchild, grandchild, parent, stepparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, great grandparent, brother, sister, half-brother, half-sister, stepsibling, brother-in-law, sister-in-law, aunt, uncle, niece, nephew, or first cousin (that is, a child of an aunt or uncle).

Throughout this handbook, unless some other meaning and intent is apparent from the context, the masculine gender shall be deemed to include all persons, and the singular the plural, and vice versa.

Layoff. The separation of an employee which has been made necessary by lack of work or funds or other reasons not related to disciplinary action.

Part-time employee. An employee holding a position established on a basis of less than eight (8) hours a day or less than eighty (80) hours in a biweekly pay period.

Permanent employee. A classified employee who is not probationary or temporary.

Position. A group of current duties and responsibilities assigned or delegated by the appointing authority, requiring the employment of one person.

Position description. A written statement of the work performed, delegated responsibility, and qualifications required to perform such work.

Probationary employee. An employee holding a position during a probationary period as herein provided.

Promotion. The movement of an employee from one position to a position having a higher maximum salary rate.

Resident. A person whose principal place of domicile is within the corporate boundaries of the City of Raytown, Missouri.

Salary range. A salary assigned to a class which sets the minimum, midpoint and maximum salary to be paid for the performance of work described, and allows salary advancements within a given range based on merit.

Transfer. The movement of an employee from one department or unit of the municipal government to another, or one position to another position having the same maximum salary rate.

Temporary employee. An employee holding a seasonal or intermittent position.

Unclassified employee. An employee holding a position in the unclassified service.

Unclassified service. The unclassified service is comprised of those positions which are filled by City election; and the following appointive positions: City Administrator, Department Heads, City Treasurer, City Attorney, Prosecuting Attorney, members of all Boards and Commissions, part-time employees, temporary employees, and persons employed by special request of the Mayor and Board of Aldermen for temporary work, or to make or conduct a special inquiry, investigation, examination or installation.

Vacancy. A duly created position which is not occupied and for which funds have been provided.

Throughout this handbook, unless some other meaning and intent is apparent from the context, the masculine gender shall be deemed to include all persons, and the singular the plural, and vice versa.

1-5. Handbook Authorized.

The personnel policies and procedures shall be established and implemented through the adoption of ordinances, where appropriate, and through a personnel handbook. The handbook will supplement and clarify the ordinances, but in the event of conflict between the two, the ordinances shall govern.

1-6. Responsibility for Administration of Handbook.

Except as otherwise specifically provided by this handbook, other ordinance of the City, or other applicable law, the City Administrator shall be charged with the responsibility for the administration of this handbook.

1-7. Procedures not in Derogation of Statutes.

Nothing contained in this handbook shall be construed as an infringement of the rights of the Mayor, Board of Aldermen or other elected official as granted by the Revised Statutes of Missouri, nor shall the same be deemed to grant to any employee a property right in his employment, a right to judicial review or any personnel practice or impair the employment at will status of any employee

1-8. Savings Clause.

If any article, division, section, subsection, sentence, clause or phrase of this handbook is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this handbook.

1-9. Construction of Handbook.

This handbook shall be constructed so as to obtain fairness and substantial justice. No technical violation of a provision of this handbook shall impair the rights of any employee, supervisor, or the City, in the absence of a showing of prejudice to such party.

2. PROVISIONS APPLICABLE TO ALL OFFICERS AND EMPLOYEES

2-1. Residency.

Applicants for positions in the municipal services except as otherwise provided by law or ordinance are not required to be residents of the City, but are encouraged to become residents upon assuming municipal service.

2-2 Nepotism.

Members of the immediate family of any City elected official are not eligible for employment with the City.

Members of the immediate family of the City Administrator, Finance Director, Assistant Finance Director, Municipal Judge, Parks and Recreation Director, Police Chief, Public Works Director, Assistant Public Works Director, Development and Public Affairs Director, EMS Director, Human Resources Manager, and City Clerk are not eligible for employment.

Members of the immediate family of an existing employee are not eligible for employment in the same division and/or if an on-going direct or indirect supervisory relationship would result from hiring.

Members of the immediate family of an appointee to a City Board or Commission are not eligible for employment if the Board or Commission has assigned duties or provides advisory oversight to the division in which the employment is sought.

In the event these conditions are not met, including changes as a result of marriage, the affected employee(s) has 180 calendar days to conform to this policy. One immediate family member must transfer to an open position in another division or cease employment. Determination of who shall transfer or cease employment will be determined by the affected employee(s). Failure to make a determination in the time allotted will result in termination of the least tenured employee.

The immediate family members of a City elected official, City Administrator, Finance Director, Assistant Finance Director, Municipal Judge, Parks and Recreation Director, Police Chief, Public Works Director, Assistant Public Works Director, Development and Public Affairs Director, Human Resources Manager, and City Clerk are not eligible to seek a transfer and must cease employment within 180 calendar days. Failure to cease employment will result in termination.

This policy will be in effect for any employees hired, transferred or promoted after July 1, 2016.

DEFERRED COMPENSATION

2-3. Program Established.

Pursuant to the provisions of 105.900 to 105.925, RSMo, the City of Raytown, Missouri, authorizes the establishment of the City of Raytown deferred compensation program.

2-4. Administration of Program.

The City Administrator or his representative is hereby designated and appointed administrator of the City of Raytown deferred compensation program and is hereby authorized and directed to invest funds with the consent of the participating employees, in such investments deemed appropriate including but not limited to life insurance or annuity contracts.

2-5. Ownership.

The City of Raytown, Missouri, will be the owner beneficiary and have all rights under any said investments, insurance or annuity contract. This deferred compensation program shall exist and serve in addition to any retirement, pension and benefit system heretofore or hereafter established by the City of Raytown, Missouri. Income deferred under this plan shall continue to be included as regular compensation for the purpose of computing the retirement and pension benefits earned by any employee. However, any sum deferred shall be exempt from taxation as provided for in 105.900 to 105.925 RSMo.

2-6. Contracts Authorized.

The City of Raytown is hereby authorized to enter into a written contract with any of their employees to defer, in whole or in part, any part of their gross compensation and may, with the consent of such employee, invest said funds in any such manner as provided for herein.

3. PROVISIONS APPLICABLE TO UNCLASSIFIED EMPLOYEES

3-1. Appointment of Officers.

- (a) The Mayor shall, by ordinance, resolution or motion, approved by a majority of all the members of the board of aldermen, appoint persons to serve in the various positions of the unclassified service, except as provided in paragraph (b).
- (b) Part-time and temporary employees shall be appointed in accordance with Article IV, Division 2 of this handbook.

3-2. Removal of Appointive Officers.

- (a) The Mayor may, with the consent of a majority of all the members of the Board of Aldermen, remove from office at will any person in the unclassified service, and such person may be removed by a two-thirds vote of all the members of the Board of

Aldermen, independently of the Mayor's approval or recommendation.

- (b) In addition to the foregoing, part-time and temporary employees may be removed at will by the City Administrator or his representative, and the Mayor and Board of Aldermen hereby specifically delegate such power to the City Administrator or his representative.
- (c) In addition to the provisions of subsection (a) of this section, any person serving upon a board or commission who shall have been appointed to such position by the board of aldermen or by the Mayor with the consent of the Board of Aldermen who shall fail to attend three (3) consecutive, regular meetings of such Board or Commission shall be deemed to have resigned there from and a successor may thereafter be appointed. Absences may be excused by the board concerned and will not be counted as a failure to attend.

3-3. Filling Vacancy in Elective or Appointive Office.

If a vacancy occurs in any elective office, such vacancy shall be filled by the appointing authority as provided by law.

3-4. Evaluation of Department Heads.

- (a) It is the City's policy to provide a compensation package to the Department Heads which will allow the City to compete with other private and public employers in the area for executive level personnel. The City recognizes that the compensation package will require periodic review and adjustment in order to remain competitive and that the performance of the Department Head should be considered in connection with such review.
- (b) The City Administrator shall review the performance of each appointed Department Head each year and shall make recommendations to the Board of Aldermen concerning the compensation and benefit package for each Department Head. As part of such review, the City Administrator shall meet with the various appointed Department Heads concerning his evaluation of the incumbent's performance, communicating his perception of that employee's strengths and weaknesses to the incumbent and to the board of aldermen. Such reviews and reports to the board of aldermen shall not be open to the public; provided, however, that adjustments in the compensation package and/or salary adjustments, if any, shall be a public record as provided by law.

4. PROVISIONS APPLICABLE TO CLASSIFIED EMPLOYEES

4-1. Application of Article.

This shall apply to all classified employees in the municipal service unless a contrary intent appears, provided that if any person holds both a classified and unclassified position the terms of his employment in the classified position only shall be governed by this article.

4-2. Departmental Regulations Authorized.

Because the situation and requirements of the employees of the various departments are or may be unique to that department, the Department Heads are authorized to make written rules and written regulations governing the conduct and performance of the employees of their respective departments; provided that such rules and regulations shall not be in conflict with the statutes, ordinances or general policy and procedure of the City.

EMPLOYMENT

4-3. Recruitment.

The City Administrator or his delegate is responsible for recruiting and application completion for all applicants. The City Administrator or his delegate is exclusively authorized to contact outside employee sources.

4-4. Applications.

Applications shall be on the forms prescribed by the City Administrator or his delegate. All employment is contingent upon the veracity of statement made thereon as certified by the applicant's signature.

4-5. Employment Categories.

Classification of a particular position shall be as determined by the City Administrator or his delegate.

4-6. Employment Offers and Rates.

- (a) Job offers to selected applicants, including starting salary and position are made by the appointing authority.
- (b) All offers are contingent upon such additional conditions as the appointing authority may determine.

OUTSIDE EMPLOYMENT

4-7. Permission and Restrictions.

Outside employment constitutes a City employee being self-employed or holding a second job with another employer. Outside employment by a full-time employee is permitted only when such outside employment: (1) is considered secondary to service with the City; (2) does not interfere with the performance of duties for the City; and (3) no legal, financial, or ethical conflicts of interest result from such dual employment. No employee will perform any work for any outside agency during their established work period. No employee will be exempt from performing their share of overtime duty because of outside employment commitments. A written request must be submitted and approved by an employee's department head prior to an employee becoming self-employed or accepting outside employment.

CERTIFICATION AND APPOINTMENT

4-8. Vacancies.

All vacancies in the classified service shall be filled by reemployment, promotions, original appointment, transfer or demotion as provided in these rules.

It shall be the responsibility of the Department Head to notify the City Administrator or his delegate of any available position.

4-9. Appointments.

Appointing authority. Appointments of personnel to classified or unclassified positions in municipal service may be made only by the appointing authority.

PROBATIONARY PERIOD

4-10. Purpose.

The probationary period shall be utilized by the appointing authority as an opportunity to observe the work of a newly hired employee or a promoted employee. In reviewing the employee's work, the appointing authority shall note the employee's attendance, work habits, appearance, cooperation and learning capacity for that position.

4-11. Duration.

- (a) Each employee selected to fill a position with the City must successfully complete a probationary period. This gives the supervisor an opportunity to observe the candidate in order to determine whether or not the person is capable of handling the responsibilities and duties of the job in a satisfactory manner.
- (b) Each employee who moves to a different job classification shall also undergo a probationary period in order to achieve minimal competency in the new position. An employee who fails to satisfactorily complete such probationary period shall be returned to the pay and position he or she held immediately prior to the promotion if this position or a similar position is open and available.
- (c) The duration of the probationary period for both new employees and promoted employees shall be at least six months or more based upon recommendations of the department head. The successful completion of a probationary period should not be construed as creating a contract or as guaranteeing employment for any specific duration.
- (d) While on probation there will be a monthly review of employee performance completed on a City provided form and submitted to Human Resources.
- (e) Pay increases for probationary employees will be on a discretionary basis.
- (f) If at any time during the probationary period the employee's performance is determined to be unsatisfactory, the employee may be separated from the position immediately.

RECORDS AND REPORTS

4-12. Personnel Records.

- (a) Personnel records are considered confidential, and authorization to see or release information from personnel files is only to be made by the City Administrator or his delegate.
- (b) All documents, reports, forms and papers gathered during any internal investigation relating to personnel or disciplinary action shall become part of the City's personnel records, and a copy of the final report shall be included in the personnel file of any employee affected by the investigation.
- (c) Any document that may lead to disciplinary action shall be provided to the employee. The employee shall have access to his own personnel file during regular business hours. Employees who wish to view their personnel file should contact the Human Resource Manager.

4-13. Reports.

Every appointment, transfer, promotion, demotion, dismissal and disciplinary action of employees in both the classified and unclassified service shall be reported to the human resources office on forms approved for such use, to be reviewed by the City Administrator or his delegate for compliance with this handbook before becoming effective.

4-14. Effective Dates for Salary Changes.

Salary changes for all classified employees shall be effective not sooner than the beginning of the pay period during which the appropriate form is processed and approved. The human resources office shall provide the appropriate Department Head with employee performance evaluation forms which shall be returned to the human resources office prior to the effective date.

BENEFITS

4-15. Policy.

All employees are expected to schedule and take time off each year for earned vacation and to observe scheduled holidays. The benefits described herein shall be the only benefits or absences from duty authorized. Unless otherwise provided, benefits will accrue only to full-time, permanent employees.

4-16. Holidays.

(a) The following days shall be paid holidays for City employees:

- New Year's Day, January 1
- Martin Luther King Day
- Memorial Day, last Monday in May
- Independence Day, July 4
- Labor Day, first Monday in September
- Thanksgiving Day, 4th Thursday in November
- Friday following Thanksgiving Day
- Christmas Day, December 25th
- Two floating holidays at employee's discretion

(b) Holiday Observance. Determination of a holiday for shift personnel shall be based on the actual date of the holiday. For employees who normally work Monday-Friday schedules, observance of holidays shall be either the day the holiday falls on, or if the holiday falls on a Saturday the previous Friday will be observed, and if the holiday falls on a Sunday the following Monday will be observed.

(c) Holiday Pay. An employee whose regular work day falls on any City-recognized holiday shall receive their regular pay plus holiday pay for the hours worked, but not to exceed the amount of hours of their normal work schedule.

(d) Holiday Call-back. An employee called back to duty on a holiday shall be compensated at 1½ rate and shall receive a minimum of 1 hour of pay. If they are engaged to work after the call in they will receive a minimum of two (2) hours pay. They will still receive their full holiday pay.

(e) Off-duty Shift Workers. Shift workers such as police officers, with the exception of EMS, whose regular scheduled day off falls on any City-recognized holiday shall receive, in addition to his day off, regular pay as holiday compensation equal to the amount of hours

the employee would regularly be scheduled for work. Off-duty EMS shift workers shall receive 12 hours of regular pay on holidays.

- (f) Part-time or Seasonal. Part-time and/or seasonal personnel will not be paid for City observed holidays which fall on days for which they would otherwise have been scheduled to work. If part-time or seasonal personnel do work on a City observed holiday, they will be compensated at their regular hourly wage unless they have worked over 40 hours that week at which time they will be compensated at 1½ time rate.
- (g) To be eligible for holiday pay an employee must be on the payroll on the day of holiday, must have worked or been on paid leave the work day prior to the holiday and the work day following the holiday.
- (h) Holidays occurring during an employee's paid vacation time will be credited as a holiday and not as a vacation day.
- (i) Consideration will be given to employees wishing to observe other religious holidays not a part of the official city holidays. The leave may be charged to vacation, or leave without pay.
- (j) Employees, regardless of shift, shall be granted two (2) shifts as floating holidays.
 - (1) To be eligible for the floating holidays an employee must have been a permanent full-time employee for six (6) months prior to taking such holiday.
 - (2) Floating holidays must be taken in their entirety and may not be used in increments.

4-17. Vacation.

- (a) *Amount:*
 - (1) Employees in the classified service and unclassified service, but excluding elected employees, employed at work on a regular basis of forty (40) hours per week, five (5) days per week, shall earn vacation time at the following rate, up to a maximum accumulation of two hundred eighty (280) hours:

Classified and Unclassified Employees on shifts less than 24 hours		
Months of Service	Accrual Hours Per Payroll	Max Amount of Accrual Hours
0 - 59	3.7	280
60 - 119	4.7	280
120 - 179	5.6	280
180 - 239	6.5	280
240 +	7.4	280

- (2) Employees in the classified service, employed to work on a regular basis of a twenty-four-hour shift day shall earn vacation time at the following rate up to a maximum accumulation of two hundred eighty-eight (288) hours:

Classified Employees on scheduled to work 24 Hour Shifts		
Months of Service	Accrual Hours Per Payroll	Max Amount of Accrual Hours
0 - 59	4.7	288
60 - 119	6.5	288
120 - 179	8.3	288
180 - 239	10.2	288
240 +	12	288

- (b) *When accrued:* Employees, hired on a full-time basis, shall begin accruing leave at the above scheduled rate with their first payroll.
- (c) *When taken:*
- (1) Vacation requests must be submitted on an absence request form electronically or via hard copy and be approved by the City Administrator or his delegate.
 - (2) Vacation leave with pay must be earned before it can be taken.
 - (3) Each Department Head shall schedule vacation leave with particular regard to the seniority of employees.
 - (4) No employee shall be permitted to waive vacation for the purpose of receiving double pay.
- (d) *Holiday during scheduled vacation:* Any holiday which shall occur during an employee's scheduled vacation period shall not be counted as a day of vacation.
- (e) *Sick leave:* Sick leave may not be used to augment vacation time, but earned vacation may be used to augment exhausted sick leave.
- (f) *Vacation pay upon separation from employment:* Employees who separate from City employment in good standing by giving fourteen (14) calendar days' notice of resignation shall be paid for all vacation accrued but not taken by the date of termination. Employees terminated by the City for cause, or who resign without proper notification shall forfeit accrued vacation credits.

4-18. Sick Leave.

Paid sick leave is not required by law and is provided for the benefit of the employee. The City reserves the right to control how, when and in what increments sick leave may be used.

(a) *Amount:*

- (1) Employees in the classified service and the unclassified service, but excluding elected employees, employed to work on a regular basis of forty

(40) hours per week, five (5) days per week, shall earn sick leave at the rate of three and 7 tenths (3.7) hours per pay period.

- (2) Employees in the classified service, employed to work on a regular basis of a twenty-four-hour shift day, shall earn sick leave at the rate of five and 1 tenth (5.1) hours per pay period.

(b) *When accrued:* Employees, hired on full-time basis, shall begin accruing sick leave immediately regardless of whether they have completed their probationary period.

(c) *When taken:*

- (1) Sick leave shall be available for use by an employee upon accrual.
- (2) Sick leave must be earned before it can be taken.
- (3) The following absences are chargeable to sick leave when approved by the City Administrator or his delegate:
 - (A) Loss of work due to illness or injury, including pregnancy, childbirth and related medical conditions.
 - (B) Personal doctor or dentist appointments when emergency or otherwise unavoidable circumstances make it impossible to schedule such appointments during nonworking hours.
 - (C) Necessary care for a family member of the immediate family.
 - (D) Sick leave requests must be approved by the City Administrator or his delegate prior to payroll action.

(d) *Holidays during sick leave:* Any holiday occurring during a period of illness will not be charged against sick leave.

(e) *Illness while on vacation:* No refund of vacation time shall be allowed for illness incurred while on vacation.

(f) *Vacation may augment sick leave:* Vacation credits may be used to augment exhausted sick leave; but sick leave may not be used to augment vacation.

(g) *Pay during illness:* The sick leave program, the weekly indemnity insurance plan, and worker's compensation are intended as a protection against loss of wages during illness or injury when the employee is unable to work. They are not intended to exceed the employee's monthly salary.

(h) *Sick leave accumulation:*

- (1) There will be a cap of 1,040 hours placed on sick leave accrual. This cap will be enforced on the last pay period of the fiscal year. Any amount accrued over the cap will be adjusted off.
- (2) Current employees with more than 1,040 hours will not lose any accrued time but they will not accrue additional leave until they drop below the cap.

- (i) *Sick Leave Buyback*: In October of each year employees with a minimum of 360 accrued sick leave hours will be allowed to sell back up to 96 hours of sick leave at their current rate of pay and based on the longevity chart below.

Months of Service	Sellback Ratio
60 - 119	15%
120 - 179	30%
180 - 239	45%
240+	60%

- (j) *Sick leave upon separation*: Employees will be allowed to sell back up to 40 hours of sick leave upon separation from municipal service in good standing. The City will buyback the sick leave at the employee's current rate of pay. Employees may not utilize this and the annual buyback program in the same fiscal year. After notice of separation is given to the employer no additional use of sick leave will be allowed
- (k) *Reporting illness*: An employee unable to report to work, intending to claim sick leave, shall report prior to the time his work period is to begin. Advance notification guidelines will be established by the Department Head but will be no less than one hour prior to expected start time. Failure to comply with this paragraph shall result in disallowance of sick leave for that absence.
- (l) *Abuse of Sick Leave*: Sick leave is a benefit provided for the employee but it is not intended to be used to supplement vacation or holidays. The City has adopted specific policies in regards to the use of sick leave and any use for other than the stated purposes in this policy will be considered abuse. If an employee is sick they are encouraged to stay home and recover so as not to cause any of their coworkers to become ill or to come to work unfit to perform. However, abuse of sick leave impacts not just the employer but also co-workers that are required to cover the absent employees duties. Use of unscheduled sick leave for other than actual illness of the employee or to care for the employee's immediate family will be considered abuse. A pattern of suspected abuse including but not limited to the repeated use of unscheduled sick time on or adjacent to weekends, holidays, vacation, pay day, inclement weather or use after vacation time has been denied regardless of the number of consecutive days will be considered abuse. All abuse will result in disciplinary action up to and including termination. This policy will not be applicable to FMLA and ADA qualifying events.
- (m) *Physician's statement required*: Sick leave in excess of two work shifts shall be allowed only after such employee presents to the City Administrator or his delegate a written physician's statement certifying that the employee's condition prevented the employee from performing his duties. The City Administrator or his delegate shall be entitled to request a physician's statement in such other circumstances as deemed appropriate.

4.19. Leaves of Absence.

(a) *Family and medical leave (FMLA):*

- 1) Family and medical leaves of absence shall be granted to employees who have been employed in the municipal service for at least twelve (12) months and for at least one thousand two hundred fifty (1,250) hours during the year preceding the start of leave.
- 2) Family and medical leaves of absence shall be granted for extended periods of time off work due to those reasons required by federal law, including:
 - (A) Birth of a child, and to care for such child; or
 - (B) Placement of a child for adoption or foster care; or
 - (C) Caring for the employee's seriously ill spouse, child or parent; or
 - (D) Because of a serious health condition that makes the employee unable to perform his or her job functions.
 - (E) For any qualifying exigency arising out of the fact that a spouse, son, daughter, or parent is a military member on covered active duty or call to covered active duty status.
 - (F) to care for a covered service member with a serious injury or illness, when the employee is the spouse, son, daughter, parent, or next of kin of the service member.
- 3) Employees will be required to use vacation or sick leave for their first 40 hours of FMLA. After that time they can either continue to use their accrued leave or they will be placed on leave without pay.
- 4) Where practicable, family and medical leaves of absence shall be requested in writing thirty (30) days in advance, except in emergency situations.
- 5) Family and medical leave shall be granted for periods not exceeding twelve (12) weeks during any twelve-month period measured forward from the first use of FMLA.
- 6) Following leaves of absence, employees shall be entitled to be restored to their former position or to an equivalent position with equivalent employee benefits, pay, and other terms and conditions of employment. An employee among the highest paid ten (10) per cent of the employees employed by the employer may be denied such full restoration if substantial and grievous economic injury to the employer would result and the employee is notified of this decision at the time of the leave request.
- 7) All insurance may be continued for the duration of medical and family leave at the level and under the conditions coverage would have been provided if the employee had continued in employment. Such insurance and any required co-

payment shall be paid prior to the first of the month in which it would otherwise expire.

- 8) Prior to reinstatement from leave for a serious health condition, a doctor's statement indicating the employee is able to perform the essential job functions may be required. If, in the opinion of the City Administrator or his delegate, the employee is not so qualified, the employee shall be examined by a physician selected and paid by the City.

(b) *Military leave:* The City will follow all federal guidelines concerning Military Leave, Military Family Leave and corresponding pay.

- (1) Before any payment of salary is made covering the period of leave, the employee shall file with the City Administrator or his delegate an official order from the appropriate military authority as evidence of such duty for which military leave pay is granted which order shall contain the certification of the employee's commanding officer of performance of duty in accordance with the terms of such order. Additionally certification of military pay must be provided so that the City can calculate the appropriate city pay.

(c) *Personal leave:*

- (1) Personal leaves of absence may be granted to full-time employees based upon employee's length of service, total work record, and the reason for the leave of absence.
- (2) Personal leaves of absence may be granted for extended periods of time off work due to compelling, unique and infrequent personal reasons.
- (3) Personal leaves of absence must be requested in writing to the City Administrator or his delegate in advance, except in emergency situations. Personal leave may be granted, with the approval of the City Administrator or his delegate, for periods not exceeding three (3) months. Extensions may be granted.
- (4) Following personal leaves of absence, every effort will be made to place the employee in the same or similar job, depending on skill and ability. However, return to municipal service shall be at the convenience of the City. In the event that the employee is not reinstated following termination of leave, the employee shall be deemed separated without prejudice.

d) *Miscellaneous provisions:*

- (1) Leave shall be allowed only for the stated purpose. In the event an employee engages in any activity inconsistent with that for which the leave was granted or if he shall accept other employment, he shall be deemed to have tendered his resignation without notice at the effective date of the leave.

- (2) During leaves, except as otherwise provided herein, benefits will not accrue nor will holidays be paid. This applies even if an employee chooses to refuse FMLA. Leave will not constitute a break in service for pension purposes or for merit review purposes, but medical, life and other insurance benefits may be continued at the cost of the employee. Such insurance shall be paid for prior to the first of the month in which it would otherwise expire.
 - (A) During leaves of more than two weeks but less than a whole month, vacation and sick pay will accrue in the proportion that the number of days worked during the month bears to the number of work days in that month, rounded to the next whole hour.
- (3) Except as otherwise provided herein, leaves of absence will be without pay.
- (4) Except in the case of military leave, an employee shall use all his accrued sick leave and vacation prior to being granted unpaid leave. An employee may elect to use accrued vacation benefits during additional military leave, but shall not be required to do so.
- e) *Jury duty.* Employees shall be granted leave during the time they are summoned to appear for jury duty. They shall be paid their regular salary during their attendance and will be allowed to retain any remuneration received for serving.
- f) *Bereavement leave.*
 - (1) Employees are allowed up to three consecutive days off from regularly scheduled duty with regular pay in the event of the death of the employee's spouse and parents thereof, sons and daughters and spouses thereof, parents and spouses thereof, brothers and sisters and spouses thereof, nieces and nephews and spouses thereof, grandparents and grandchildren and spouses thereof. To be eligible for paid bereavement leave, the employee must attend the funeral of the deceased relative.
 - (2) Employees are allowed up to four hours of bereavement leave to attend the funeral of a fellow regular employee or retiree of the company, provided such absence from duty will not interfere with normal operations of the City.

4-20. Insurance Benefits.

Government regulations define standards to protect the privacy of health information. In the course of the employment relationship, an individual's health information may be used by the City when necessary for the administration of workers' compensation benefits, drug or alcohol testing, or health insurance plan benefits. You may be asked to sign an authorization form to permit a Medical Provider or health plan to disclose health information to the City. Any such disclosure will only be used for the specific purpose of the disclosure and the City will take all reasonable precautions to protect the privacy of this information.

The following benefits are provided by the City for the employees. Additional benefits may be made available to the employee from time to time on an individual subscription basis:

- (a) *Worker's compensation insurance.* Employees who are injured or become ill during the course of work are covered by the state worker's compensation act. Employees injured

on the job or suffering a work-related illness shall notify their supervisor as soon as possible following the injury or illness.

- (b) The City makes available health, dental and vision care coverages in combination with a life insurance benefit plan for employees and dependents. The employee shall select life insurance coverage from available options at City cost. In addition, the employees may select health, dental and/or vision care coverage for himself and his dependents, to which the City will contribute an amount determined by the board of aldermen per month per employee for single health care coverage and a separate amount determined by the board of aldermen per month per employee for dental, vision and family health care coverage. Health, dental and vision coverage (excluding life insurance) in excess of the amount determined by the board of aldermen shall be paid for by the employee through payroll deduction.

4-21. Pension Plans.

Membership in pension plans is provided for employees subject to the terms and conditions of the specific trust agreement and/or contract provisions governing such plans.

4-22. Training and Educational Assistance.

The City of Raytown is committed to providing an incentive for City employees to enhance their knowledge, skills and job performance, and at the same time, increase their value to the City as their employer.

- a) Procedure.

The City shall reimburse college tuition and technical school enrollment fees to a City employee upon meeting the following criteria:

- (1) The employee must submit a written request to his/her department head prior to enrolling in the class, stating the name of the class, the cost and how it will enhance his/her job performance with the City of Raytown. The employee also must sign the Employee Educational Tuition/Fees Reimbursement Agreement and Withholding Authorization.
- (2) If approved by the department head, this request will be passed on to the City Administrator. The employee will be notified, in writing, whether the request has been approved or denied by the City Administrator.
- (3) If approved by the City Administrator, the City will reimburse the employee the cost of tuition or enrollment fee upon proof of successful completion of the class and documentation of the paid fees. Successful completion of the class will be determined by a grade of "C" or better in college course work, pass in pass/fail courses, or a certificate designating the successful completion of all requirements set forth by the Technical School.
- (4) Reimbursement shall be limited to one three-hour college course per term, or one technical school course per term. Reimbursement requests will be handled on a first come first served basis while funding is available.

- (5) The City will not reimburse employees for tuition paid by grants, scholarships, military education programs, or funding from other sources.

4-23. Travel Leave.

- (a) *Authorization.* Travel authorization for out-of-town trips must be approved by the City Administrator's Office and the department and/or division head prior to the commencement of a trip. An exception is made in the case of emergency vehicles leaving the City for purposes of an emergency response. Out-of-town trips shall be trips outside the 22 county Kansas City Combined Statistical Area for City business purposes. In the event of day travel only, prior approval is not required by the City Administrator's Office.
- (b) *Travel Request and Expense Statement.* No expense voucher for out-of-town travel will be paid by the Finance Department without proper travel authorization. Furthermore, failure to receive the authorization may lead to disciplinary action against any employee, including a department and/or division head.

The purposes for the Travel Request and Expense Statement are as follows:

- (1) Documentation of permission granted to have the City vehicle outside of the 22 county Kansas City Combined Statistical Area.
 - (2) Documentation of City employees attending to City business outside of the 22 county Kansas City Combined Statistical Area.
 - (3) Review of the business purpose for City employees outside of the 22 county Kansas City Combined Statistical Area.
 - (4) An advance notice of availability of funds for a particular line item in the budget to ascertain whether budgeted funds are available for employees to travel outside the 22 county Kansas City Combined Statistical Area.
- (c) In the case of day travel, requests where no reimbursement is requested, no Travel Request form is required. In the case of day travel where reimbursement is requested, the Travel Request portion of the statement may be submitted to the City Administrator's office after the approval of the department head and after the travel has been completed. In all other cases, the completed statement must be submitted through the Finance Department for review of the budget expenditure(s). This is done so that prior to the City Administrator's authorization, it can be ascertained that sufficient budget resources exist for employees to travel outside of the City for their particular purpose and that there has not been a mistake made by the division or department head, or the employee, in preparing the travel statement.
 - (d) In the event an employee travels in-state or out-of-state on a scheduled airline; travel must be the most economical available. Rental or charter aircraft may be allowed if determined by the City Administrator to be of benefit to the City. In no event will the City pay for first class travel unless no other method of transportation is available and prior approval from the City Administrator is received.
 - (e) Elected officials and employees should reasonably limit the payment of or reimbursements for actual and necessary expenditures for travel and subsistence for attendance at duly authorized conventions, seminars and programs at which they are scheduled to attend or participate. All means of travel and accommodations shall be at the lowest reasonable and appropriate class or rate available under the circumstances.

If equivalent local or in-state programs are available, such programs shall be utilized. The expenditure of public money for alcoholic beverages shall be prohibited.

- (f) If an attendee arrives more than one day prior to any meeting or conference, or extends an out-of-town stay for personal reasons, the expenses associated with such extra time are considered personal and are not reimbursable by the City. Extending an out-of-town stay for personal reasons when an employee is using a City vehicle is not permitted. Extending an out-of-town stay for more than one day prior to or after a meeting or conference is permitted if lower airfare can be obtained with the extension, but approval from the department head and City Administrator must be obtained prior to finalizing such arrangements. The only exceptions to an out-of-town stay being extended are in the case of illness, acts of nature, accident, or injury to the employee, which would preclude the employee's immediate return to the City. In any event, the City should be notified of such an occurrence.
- (g) Use of City Vehicles. The City provides vehicles to certain employees to perform their daily functions, and these vehicles will be used for travel when necessary. For City employees not furnished vehicles, the City has a pool car available which may be used unless the car is unavailable. If a City vehicle is not available, the Department Head may authorize the use of a personal vehicle by the employee, in which case the City will reimburse the employee at the IRS approved mileage rate to the meeting site and back using the shortest route possible. The employee will be required to obtain exact mileage information from a web site travel navigator such as Google Map, or Bing Maps and Directions. This identified mileage estimate will be strictly adhered to when reimbursement is calculated.
- (h) Any employee utilizing their personal car will maintain appropriate liability insurance.
- (i) If an employee is required to attend an out-of-town meeting or conference, the time spent traveling is counted as "hours worked". Traveling to and from the work site and regular meal period times are not counted as "hours worked". Department heads and supervisors may use flexible time schedules throughout the week in which an employee travels in order to eliminate the need to pay overtime.
- (j) City vehicles are to be used for City business purposes for travel outside the City. Passengers in City vehicles should include only the following, unless prior written approval from the City Administrator is received under special circumstances:
 - (1) City Employees.
 - (2) City Board Members.
 - (3) Participants in City programs (i.e., City sponsored committees, etc.)
 - (4) Personnel from other governmental agencies who may be attending the same meeting.
 - (5) In the event other governmental personnel or other individuals attending the same meeting, as previously indicated, they may "car pool" with City of Raytown personnel to that meeting. It should be determined prior to any request for travel whether or not this will be occurring and what the policy is of that party or governmental agency to reimburse for mileage, gasoline, and parking. This information should be noted on the travel authorization. However, the City will not prohibit car-pooling if another agency does not have a provision for reimbursing the City.

- (k) In the event the City employee is utilizing a City vehicle and has a breakdown, and the cost of repairing that breakdown is minimal (such as repairing a fan belt or flat tire, etc.), the employee will be reimbursed upon presenting a receipt for the repair. In the event of a major breakdown of a City vehicle, the employee should contact the Director of Public Works or their designee who will make arrangements for the repair of that vehicle for the employee. The employee will contact and coordinate with the employee's department head appropriate travel arrangements so that the employee may return or continue the trip.
- (l) Employees utilizing City vehicles or their own vehicle are reminded that deviating from normally traveled routes to and from the meeting site and after arriving at the meeting site may result in the City's not being covered in the areas of Workers' Compensation and other insurance. Employees are further reminded of the City's personnel policy regarding the use of drugs and alcohol which could result in the employee's dismissal.
- (m) All traffic offenses, parking tickets, or other vehicular violations are the responsibility of the employee and will not be paid by the City. Furthermore, such offenses could subject the employee to disciplinary action. Employees are expected to use discretion in the use of City-owned vehicles on out-of-city travel.
- (n) Reimbursement. The City will pay registration fees for employees to attend authorized training programs, professional conferences, and other city-related meetings and functions. The employee will be responsible for the registration or related fees for any spouse or guest programs associated with a conference for which they wish to participate.
- (1) Certification: The City will pay for employee's first attempt to obtain required or volunteer Certification(s) for an employee's position. If the employee fails to successfully obtain the certification, the City will only pay for the travel expense that may be accrued during the retest process. The test fees will be the responsibility of the employee.

The City will reimburse employees for travel expenses incurred while on City business. **Receipts with detail on the purchase/service are required for reimbursement in all cases.** In an instance where an employee has made an expenditure and has not received a receipt for his expenditure he will not be reimbursed. Exceptions to this rule will be considered by the City Administrator's Office upon recommendations of the department head approving the travel voucher. This will be done rarely, and only in the case of approval of the department head upon presentation by the employee of satisfactory written explanation of the request for reimbursement without a receipt.

Any dispute regarding an employee's reimbursement for travel expenses may be discussed with the City Administrator. The City Administrator's decision shall be final and not subject to appeal.

- (o) Any situation where a City employee may travel to a conference or meeting, whether in-state or out-of-state, with their spouse and/or family member, the City will not pay for travel, meals, or incidental expenses for the employee's spouse and/or family member. In the case of lodging, the employee will be required to pay the verification/documentation of the difference of rates. Exceptions will be granted for extraordinary circumstances such as when an employee may be receiving an award, but only upon prior approval from the City Administrator's Office.
- (p) On in-state or out-of-state travel, the City will cover a reasonable amount for lodging when an employee must be booked into specific lodging for a conference or meeting. All

employees should ascertain whether or not government discounts are available and whether or not the hotel or motel involved will direct-bill the City with presentation of a Tax Exemption Certificate. A Tax Exemption Certificate should be obtained from the Finance Director prior to any approved travel out-of-town.

- (q) Whenever possible, the City will request that the hotel/motel bill be charged to an assigned City credit card or direct billed to the City. If neither of the above options are available, the employee will be reimbursed for authorized lodging expenses upon presentation of the required receipts. Department heads shall be responsible for authorizing credit card usage by employees in their department.

Any employee using a credit card will be personally responsible for any purchases that do not have receipts attached to the credit card statement. Only City-related expenses may be charged on a credit card. Reimbursements to the City for personal expenses or expenses of the spouse will not be allowed. Personal phone calls or other non-covered charges on motel bills should be paid by the employee at check-out time.

- (r) The City employee, in the course of conducting City business or while attending a business meeting will be reimbursed for meal expenses based upon rates published by the GSA for the nearest metropolitan area to the travel destination.

Employees may either utilize the GSA per diem rate for reimbursement without receipts or utilize a city credit card for actual expenses upon presentation of detailed receipts. If the employee is utilizing a city credit card they must keep all detailed receipts and stay within GSA rates for the area of travel. The IRS Schedule for reimbursements will be located on the GSA web site at <http://www.gsa.gov/portal/category/21287> and must be used when calculating the IRS rate for the area in which they are traveling. A copy of the web page showing the allowed rate should be attached to the original request for travel.

An employee should not pay for meals of others during a trip, unless it is approved by the department head, or appointing authority. The business purpose of the meal and names of guests must be stated on the travel expense report as well as on the back side of the receipt. At no time will the City reimburse expenses for alcoholic beverages.

Employees will not be reimbursed for meal expenses that have been included as part of conference or meeting registration fees. These meal expenses must be identified on the Travel Request and Reimbursement form with attached copies of registration materials identifying meal(s) scheduled and applicable payment for these meal(s). The maximum meal allowance can be exceeded for reasonable meal expenses integral to conferences and banquets. The City will not be responsible for snacks or beverages not associated with meals.

An employee that departs Raytown two hours prior to a regularly scheduled shift is allowed the daily GSA meals expense for breakfast. An employee that arrives back in Raytown two hours after the end of the scheduled shift, is allowed the daily GSA meals expense for dinner. In some unusual or unique instances, department heads shall be responsible for making determination on breakfast or dinner. When a meal is included in a registration fee or transportation cost or provided as an official function, the above amounts will be deducted from the meal allowance. Therefore, if a continental breakfast is provided at the seminar, no allowance for breakfast will be allowed. An employee departing two hours prior and arriving home two hours after a regularly scheduled shift, with no meal provided as part of the function, will be allowed the full GSA rate per day for meals.

A 15% tip is allowed in addition to the cost of the meal but included in the meal allowance limit. If the employee chooses to leave a larger tip, the difference will be at

the employee's expense. If no tip is granted, tip allowance is not reimbursable. While not always feasible, it is preferable (such as when a credit card is used) to include documentation of the tip.

If a City employee, acting with discretion and in the interest of City business, purchases a meal for any member of the public, a receipt is also required. Adequate documentation listing the purpose and participants of the setting of the expense should be submitted with the receipt. If such an expense should occur, the amount expended for the guest will not be considered as part of the meal allowance for the employee.

Foregoing a meal does not allow the employee to accumulate eligible meal allowances. For example: if an employee is eligible for breakfast and lunch and the GSA rate is \$31.00 but they elect not to eat breakfast \$15.00 the eligible lunch allowance will be \$16.00.

- (s) The City will not, under any circumstances, pay for or reimburse employees for the purchase of alcoholic beverages or allow alcohol to be purchased with a City credit card.
- (t) Vehicle rental, parking fees, taxi charges, bus or shuttle fares, turnpike expenses, and other similar items will be reimbursed when accompanied by a receipt.
- (u) The City will not be responsible for personal expenses such as personal phone calls, beer/alcoholic beverages, snacks, beverages not associated with meals, laundry services, or in-room movies that are either charged to the room or otherwise incurred.
- (v) All employees traveling on City business should be reminded that they are representing the citizens of Raytown, their departments or divisions, and the City of Raytown as a whole. They should conduct themselves in an appropriate and professional manner at all times so as not to bring discredit upon themselves, their departments or divisions, or the City of Raytown.

4-24. Use of City-Owned or Leased Vehicles.

- (a) City owned vehicles are to be used for official City business only. Assignments of City vehicles are subject to the approval of the City Administrator.
- (b) Vehicles cannot be used to transport other family members or to attend to personal errands. Passengers in City vehicles are allowed when their presence relates to City business.
- (c) Exceptions to this policy may be made with approval by the City Administrator.
- (d) Mileage from Home to Work in City Vehicles. The use of a City vehicle to commute to and from work is considered a taxable benefit by the IRS. For tax purposes, those employees authorized to take a City vehicle home will be taxed based on IRS regulations. This tax will be calculated each payroll. (Subject to change with IRS regulations.)
- (e) Responsibility of Drivers. Employees operating City vehicles are expected to practice all safety precautions when utilizing a City vehicle. Any employee operating a City vehicle must have an applicable valid driver's license which must be on or accompanying the employee when driving such a vehicle. Seat belts shall be worn by all City employees and passengers while operating or riding in a City vehicle in accordance with State Statutes. Employees may not write, send or read a written communication on their wireless communication device while driving including but not limited to a text message, instant message, and electronic mail. Failure to comply with these policies will cause

the employee to be subject to disciplinary action up to and including termination.

- (f) Accidents Involving City Owned Vehicles. If an employee has an accident while operating a City-owned vehicle which results in personal injury or property damage, the employee shall notify the Police Department immediately, and then notify his supervisor. This should be done regardless of how minor the accident appears. The employee shall insist that all parties and property concerned remain at the scene of the accident until police officers can investigate the incident. The employee shall take a mandatory drug test within two hours of an accident involving a City-owned or leased vehicle. Supervisors shall report all accidents to the City Clerk.
- (g) Use of Private Vehicles for City Business. If employees are required to use a personal car in the performance of official duties for the City, they may receive a mileage rate as established by the Internal Revenue Service. Expenses for mileage must be submitted to and approved by the employee's department head and the City Administrator. Personal injury is covered under the Workers' Compensation program; however, damage to personal property is not. Adequate auto insurance is required and documentation of coverage may be requested at any time.
- (h) Driver License Reviews. The City reserves the right to annually review the driving record of all employees who are authorized to drive a City vehicle or receives an automobile allowance and are required by their job description to hold a valid driver's license. This screening takes place in order to protect the City and its citizens from liability in the event that a City employee has an accident and someone is injured or property is damaged and to help ensure accountability and responsibility for safe driving when public funds are involved.

4-25. Electronic Communication and Internet Usage

The City recognizes that use of the Internet has many benefits and can make communication more efficient and effective; therefore, employees are encouraged to use the Internet appropriately. Generally, e-mail is not private or confidential. All electronic communications are City of Raytown property, and the City reserves the right to examine, monitor and regulate e-mail messages, directories and files, as well as Internet usage. Also, the Internet is not secure so don't assume that others cannot read, or possibly alter, your messages. Internal and external e-mail messages are considered business records and may be subject to discovery in the event of litigation. Be aware of this possibility when sending e-mail within and outside the Company.

4-26. Worksite Breastfeeding

Employees shall be provided a place to breastfeed or express their milk. An employee lactation room shall be provided as a private and sanitary place for breastfeeding employees to express their milk during work hours. This room provides an electrical outlet, chair, and nearby access to running water. Employees may use their private office area for breastfeeding or milk expression, if they prefer.

A refrigerator will be made available for safe storage of expressed breastmilk. Employees may use their own cooler packs to store expressed breastmilk, or may store milk in the refrigerator/freezer. Employees should provide their own containers, clearly labeled with name and date. Those using the refrigerator are responsible for keeping it clean.

Employees shall be provided flexible breaks to accommodate breastfeeding or milk expression. A breastfeeding employee shall be provided a flexible schedule for breastfeeding or pumping to provide breastmilk for her child. The time will not exceed normal time allowed for lunch and breaks. For time above and beyond normal lunch and breaks, sick/annual leave time must be used, or the employee can come in a little early or leave a little later to make up the time.

Please contact the Human Resources Manager to discuss.

SEPARATION FROM MUNICIPAL SERVICE

4-27. Resignations.

- (a) Any employee may resign in good standing by presenting his resignation in writing fourteen (14) calendar days prior to the effective date. Resignation without such advance notice will result in forfeiture of all accrued vacation. Such resignation shall be promptly forwarded to the human resources office.
- (b) At the discretion of the Department Head the employee may be allowed to leave immediately after notice and still be considered to have left in good standing if it is more convenient for the department.
- (c) Once two weeks' notice is given, if the employee becomes disruptive or violates any city policy their employment will be terminated immediately.

4-28. Reduction in Force; Layoff.

An employee may be separated from municipal service without prejudice because of lack of funds or curtailment of work, after giving notice of at least ten (10) working days to such employee.

4-29. Separation Pay.

- (a) Upon separation from City employment in good standing employees will receive payment for unused vacation credits accrued and time worked.
- (b) Employees will be allowed to sell back up to 40 hours of sick leave upon separation from municipal service in good standing. The City will buyback the sick leave at the employee's current rate of pay. Employees may not utilize this and the annual buyback program in the same fiscal year. After notice of separation is given to the employer no additional use of sick leave will be allowed.
- (c) Upon separation with prejudice, employees will receive payment only for time worked.
- (d) Notwithstanding the foregoing paragraph, no separation pay shall be paid until all property issued to the employee has been returned and all financial obligations to the City have been satisfied.

4-30. Termination.

Any employee may be separated from the municipal service as a result of disciplinary action as hereinafter provided and such separation shall be with prejudice. However, no separation shall be with prejudice until such time as his termination has become final.

CITIZENS PERSONNEL COMPLAINTS

4-31. Purpose.

It is recognized that many citizens will evaluate the municipal government upon the basis of their observation of and interaction with municipal employees. Therefore, employees should at all times perform their duties efficiently, effectively and with due consideration to the rights of the citizens involved.

4-32. Complaints in Writing.

All citizens complaints shall be in writing for submission, containing a brief statement of the facts, the complaint and the requests or recommendations, if any, shall be sworn to by the complainant before a notary public and shall be true to the best knowledge and belief of the complainant.

4-33. Delivery.

Any such written, notarized complaint shall be delivered to the office of the City Administrator, or his delegate, and any complaint which is misdirected by any citizen by delivery to any other person in the municipal service shall promptly be forwarded to the City Administrator, or his delegate. Failure to forward written complaints shall constitute grounds for disciplinary action.

4-34. City Administrator's Duties.

It shall be the duty of the City Administrator or his delegate, upon receipt of any complaint, to initiate an investigation. Upon conclusion of the investigation, the City Administrator or his delegate may find the complaint to be without merit, take corrective action as he deems appropriate, or take appropriate disciplinary action against the employee involved.

GRIEVANCE POLICY

4-35. Purpose.

The most effective accomplishment of the work of the City requires prompt consideration and equitable adjustment of employee grievances. It is the desire of the City to adjust the causes of grievances informally, and both supervisors and employees are expected to make every effort to resolve problems as they arise.

4-36. Policy.

If any employee is unable to resolve his grievance informally, he may present his grievance to his Department Head within ten (10) calendar days of the incident.

4-37. Grievances to be in Writing.

All grievances shall be in writing, stating the problem or problems and the recommended solution. Grievances are not intended to be an alternate means of seeking review of discipline but are intended to address employment or working conditions which affect the grieving employee uniquely or the group of employees of which the grieving employee is a representative member; grievances may also address disagreements or relationships between employees or groups of employees, including supervisors. Any grievance which is determined to be an attempt to seek review of discipline shall be summarily dismissed.

4-38. Additional Review.

Any party to a grievance who is unsatisfied with the outcome may request additional review by presenting to the City Administrator a copy of the grievance, within five (5) calendar days of the prior disposition, including the reasons for his dissatisfaction and the relief requested.

If no party to a grievance pursues additional review within the five-calendar-day time limits, all parties will be presumed to have been satisfied with the outcome.

4-39. Protection.

No employee shall be disciplined, discriminated against or otherwise prejudiced in any way because of his proper use of the grievance procedure.

DISCIPLINARY POLICY

4-40. Policy Statement.

As a City of the fourth class, all officers and employees serve at the will of the Mayor and Board of Aldermen. Nevertheless, the Mayor and Board intend to promote efficiency and economy in the operation of the City government. Therefore, it shall be the duty of each employee to maintain high standard of conduct and cooperation in their work for the City.

4-41. Purpose.

It is the policy of The City of Raytown ("City") to encourage fair, efficient and equitable solutions for problems arising out of the employment relationship and to meet the requirements of state and federal law.

(a) Scope of Policy.

These policies and procedures are applicable to conduct or job performance of an employee that results in a decision to impose a disciplinary penalty of demotion, suspension without pay or dismissal. It does not apply to:

- (1) Suspension with pay pending investigation of allegations relating to an employee;
- (2) Decisions not to offer reappointment to persons whose appointment for a stated period expires; or

(b) Dismissal of employees.

- (1) Who are appointed by the Board of Aldermen and fall under an employment agreement that defines the terms for separation and appeal.
- (2) Who occupy positions that are dependent upon funding from a specific source and such funding is not received.
- (3) as a result of reorganization.
- (4) because of financial exigency.
- (5) during the 180-day probationary period.
- (6) who are appointed for a stated period of less than 180 days.

4-42. Discipline and Dismissal Policy and Procedures.

The City may choose to, but is not required to, use progressive discipline at its discretion, so long as there is no violation of applicable Federal or State law. Progressive discipline means that, with respect to most disciplinary problems, these steps will normally be followed: verbal warning, written warning(s), suspension, termination of employment, depending on the severity of the problem and the number of occurrences. The City recognizes that there are certain types of employee problems that are serious enough to justify either a suspension or termination of employment without going through the usual progressive discipline steps.

(a) Requisite Standards of Conduct

Each employee is expected to acquaint themselves with performance criteria for their particular job and with all rules, procedures, and standards of conduct established by the Board of Aldermen of The City of Raytown, the City and the employee's department or unit. An employee who does not fulfill the responsibilities set out by such performance criteria, rules, procedures and standards of conduct may be subject to adverse personnel action.

(b) Conduct which is Subject to Disciplinary Action

(1) Work Performance

- (A) Failure of an employee to maintain satisfactory work performance standards can constitute good cause for disciplinary action including dismissal. The term "work performance" includes all aspects of an employee's work.
- (B) Work performance is to be judged by the supervisor's evaluation of the quality and quantity of work performed by each employee. When, in the opinion of the supervisor, the work performance of an employee is below standard, the supervisor should take appropriate disciplinary action.

(2) Misconduct

- (A) All employees are expected to maintain standards of conduct suitable and acceptable to the work environment. Disciplinary action, including dismissal, may be imposed for unacceptable conduct.
- (B) Examples of unacceptable conduct include, but are not limited to:
 - i. falsification of times sheets, personnel records or other City records;
 - ii. neglect of duties, loafing or wasting time during working hours;
 - iii. smoking anywhere except in designated smoking areas;
 - iv. soliciting, collecting money or circulating petitions on the premises other than within the rules and regulations of the City;
 - v. bringing intoxicants or drugs not prescribed to the employee onto the premises of the City, using intoxicants or drugs, having intoxicants or drugs in one's possession, or being under the

influence of intoxicants or drugs on the premises at any time;

- vi. abuse or waste of tools, equipment, fixtures, property, supplies or goods of the City;
- vii. violations of safety rules or accepted safety practices;
- viii. failure to cooperate with supervisor or coworker, impairment of function of work unit, or disruptive conduct;
- ix. disorderly conduct, horseplay, harassment of other employees (including sexual harassment) or use of abusive language on the premises;
- x. fighting, encouraging a fight or threatening, attempting or causing injury to another person on the premises;
- xi. neglect of duty or failure to meet a reasonable and objective measure of efficiency and productivity;
- xii. theft, dishonesty or unauthorized use of City property including records and confidential information;
- xiii. refusal of an employee to follow instructions or to perform designated work that may be required of an employee or refusal to adhere to established rules and regulations;
- xiv. repeated tardiness or absence, absence without proper notification to the supervisor or without satisfactory reasons or unavailability for work; and
- xv. violation of policies or rules of the City of Raytown.

(c) Investigations

- (1) All incidents that involve the potential for disciplinary action shall be investigated by the employee's supervisor or other designated administrative official.
- (2) If the investigation results in evidence that establishes with reasonable certainty that the employee engaged in conduct which warrants disciplinary action, the supervisor shall follow the pre-disciplinary hearing procedures before seeking approval for the proposed disciplinary action.

(d). Pre-disciplinary Hearings

- (1) Policy. An employee shall be informed of the basis for any proposed disciplinary action resulting in demotion, suspension without pay or dismissal and have an opportunity to respond before a final decision is made to take disciplinary action. The hearing serves as an opportunity to avoid mistaken decisions to impose discipline and is not intended to definitively resolve the propriety of the disciplinary action being considered.
- (2) Procedures. There is no prescribed form for this hearing. It should be informal. However, before reaching a final decision to impose discipline,

the supervisor shall:

- (A) inform the employee, either in person or in writing, of the reasons for the proposed disciplinary action, the facts upon which the supervisor relies, the names of any persons who have made statements about the disciplinary incident and the content of such statements;
- (B) give the employee access to any documentary material which the supervisor has relied upon; and
- (C) give the employee an opportunity to respond to the charges either orally or in writing within a reasonable time but not to exceed 14 days and to persuade the supervisor that the evidence supporting the charges is not true.

If the supervisor is not persuaded that the evidence is untrue, the supervisor will review the evidence and proposed disciplinary action with the Human Resources Manager or his or her delegate and will obtain the approval of the appropriate department head or administrative equivalent before proceeding to impose the disciplinary penalty.

(e) Imposing the Disciplinary Penalty

- (1) Notice. Upon completing the pre-disciplinary hearing procedures and obtaining the approval of the appropriate department head or administrative equivalent, the supervisor shall inform the employee in writing of the following:
 - (A) whether the disciplinary penalty is demotion, suspension without pay or dismissal;
 - (B) the effective date of demotion or dismissal;
 - (C) a specific period for a suspension without pay, not to exceed five (5) working days;
 - (D) the specific incident, conduct, course of conduct, unsatisfactory work performance or other basis for the disciplinary penalty;
 - (E) any previous efforts to make the employee aware of the need to change or improve work performance or conduct; and
 - (F) reference to any relevant rule, regulation or policy.

The supervisor shall also inform the employee of the right to appeal the disciplinary action and provide them a copy of the appeal procedure.

(2) Effect Upon Employee Benefits

- (A) An employee who is demoted or suspended without pay continues to accrue vacation and sick leave, to be covered by group insurance, and to be entitled to other employee benefit programs.
- (B) If a demotion or suspension without pay is appealed and it is determined that there was not good cause for the demotion or

suspension, the employee shall be entitled to payment for wages lost as a result of the demotion or suspension.

- (C) If it is determined upon appeal that a dismissal was not for good cause, the employee shall be reinstated to the same or similar position and shall be entitled to payment of back wages less any unemployment benefits received by the employee after the date of dismissal. Employee benefits such as vacation and sick leave shall be credited back to the date of dismissal.

4-43. Procedure For Appealing Disciplinary Actions.

Disciplinary actions resulting in dismissal, suspension without pay, or demotion may be appealed by the affected employee pursuant to the process set out below. The time limits set forth in the appeal procedure must be adhered to by both the employee and the appropriate supervisory and administrative personnel unless extended for good cause by the Human Resources Manager. The failure of the employee to process the appeal in a timely manner to the next level shall constitute a withdrawal of the appeal. The failure of supervisory or administrative personnel to respond in a timely manner to an appeal shall constitute authorization for the employee to process the appeal to the next step.

- (a) Step One

The employee may present a written appeal to the department head or equivalent within five (5) working days from the date of the disciplinary action. The appeal shall contain a clear and concise statement of why the disciplinary action is inappropriate. Within ten (10) working days of the date of the appeal, a written decision shall be mailed to the employee.

- (b) Step Two

If the employee is not satisfied with the step one decision, the employee may present a written request for a hearing before the City Administrator or designee. The request for a hearing must state with particularity why the disciplinary action was inappropriate and/or why the decision of the step one official should be changed. The request must be made within five (5) working days following the date of the appealed decision. The City Administrator shall, in his or her discretion, either hear the appeal in person or appoint a delegate(s) to hear the appeal. The hearing shall be conducted pursuant to the procedure set out in Paragraph E below.

- (c) Step Three

If the employee is not satisfied with step two decision, a written appeal may be made to the Mayor of the City within five (5) working days of the date of the step two decision and must state why such decision is incorrect. The review by the Mayor shall be based solely upon the step two record and shall not include any new issue or evidence. Within a reasonable period of time, not to exceed thirty (30) days following the date of the appeal, a written decision shall be mailed to the employee. The decision of the Mayor is final.

- (d) Records of Disciplinary Actions

Copies of all documents pertaining to disciplinary actions shall be filed in the employee's personnel file.

- (e) Step Two Hearing Procedures

- (1) Pre-Hearing Rules and Procedures

- (A) *Naming the Delegate(s)* - If the City Administrator elects to appoint a delegate(s) to hear the appeal, the name or names will be furnished to the employee as soon as practical after the selection is made. If more than one person is appointed, one of such persons shall be designated to serve as chair in the notice to the employee.
- (B) *Challenges to Impartiality* - An employee may challenge the fairness and impartiality of the City Administrator or an appointed delegate(s). The challenge must be in writing and must clearly state the factual basis for the challenge. A challenge of the City Administrator must be made within five (5) days of the date of the request for a hearing and a challenge of a delegate(s) must be made within five (5) days after the date of the notice appointing the delegate(s). It shall be up to the person challenged to determine whether he or she can serve with fairness and impartiality. If the City Administrator determines that he or she cannot be fair and impartial in the consideration of the appeal, he or she shall appoint a delegate(s) to hear the appeal. If a challenged delegate(s) determines that he or she cannot be fair and impartial in the consideration of the appeal, the City Administrator shall appoint another delegate(s).
- (C) *Time Limits* - The hearing shall be conducted as soon as practical, but not later than twenty (20) working days following the date of the appeal or the appointment of delegate(s).
- (D) Discovery Rights and Document Exchange
 - i. The employee may request City documents, records, or exhibits. Such request must accompany the step two written appeal. The requested records will be furnished if, in the opinion of the City Administrator or the designated chair, as the case may be, they are relevant to the appeal and are not made confidential by law.
 - ii. At least five (5) days prior to the time set for the hearing, the City representative for the appeal and the employee shall furnish each other with the names of the witnesses to be called, a summary of their expected testimony, and a copy of each document, record or exhibit to be introduced at the hearing.

(2) Hearing Rules and Procedures

(A) Role of Hearing Chair

- i. The City Administrator or the delegate designated as chair shall preside at the hearing and ensure the order of presentation as well as decide on questions of relevancy. The chair shall also have the discretion to determine the form and scope of cross examination allowed during the hearing.
- ii. Upon request, the chair may consult with and be advised by counsel during the hearing.

(B) Right to Representation

- i. The employee has the right to be represented at the hearing by an attorney or other individual representative.

(C) Hearing Record

- i. In all appeal hearings where the employee is represented by an attorney or an individual from an employee organization, a court reporter shall be furnished by the City to transcribe the hearing and swear in witnesses. The party requesting a copy of the transcript of the proceedings shall be responsible for its cost. In all other appeal hearings the City shall tape the hearing and make a copy of the tape available to the employee on request. The transcript of the court reporter or the tape of the proceedings shall be the official record of the hearing.

(D) Burden of Proof

- i. The City has the burden of proving by a preponderance of credible evidence that good cause exists for the disciplinary action and therefore shall have the right to open and close the proceedings.

(E) Order of Presentation and Right to Cross-Examination

- i. The hearing shall consist of opening statements on behalf of the City and the employee and testimony by witnesses called by the City and the employee, with both parties having the right to cross-examine witnesses and make closing statements.
- ii. Relevant exhibits may be introduced by either party and the chair shall take notice of the employee's personnel record.

(F) City Employees as Witnesses

- i. Any employee can be asked to appear as a witness for either party.
- ii. It shall be the duty of an employee requested to testify to do so as to any facts which may be relevant to the appeal.

3. Post-Hearing Rules and Procedure

- (A) The delegate(s) shall deliberate, prepare and forward written findings and recommendations to the City Administrator within ten (10) working days after the close of the hearing.
- (B) The City Administrator shall mail his or her decision to the employee within ten (10) working days following the receipt of the findings and recommendations from the delegate(s).
- (C) If the City Administrator has heard the appeal, he or she shall mail a written decision to the employee within ten (10) working days after the close of the hearing.

5. COMPENSATION AND CLASSIFICATION PLAN

5-1. The Plan.

A position classification and compensation plan, based upon and graded according to assigned work duties and responsibilities, merit and performance, shall be developed and maintained by the City Administrator, or his delegate to provide standardization and the proper classification of all positions.

5-2. Purpose.

The classification plan shall be used:

- (1) To provide like pay for like work;
- (2) To establish educational and work experience qualifications, standards for recruiting, testing and other selection purposes;
- (3) To provide appointing authorities with a means of analyzing work distribution, areas of responsibility, lines of authority, and other relevant relationships between individuals and groups of positions;
- (4) To provide a basis for developing standards of work performance;
- (5) To establish lines of promotional opportunity;
- (6) To indicate employee training needs and development potentials;
- (7) To provide uniform and meaningful titles for all applicable positions; and
- (8) To provide the fundamental basis of the compensation program and other aspects of the personnel program.
- (9) To provide a level of compensation that will allow the City to compete in the job market with other private and public employers in the area.

5-3. Administration of the Plan.

The City Administrator, or his delegate shall conduct position classification and compensation studies at such times as he deems necessary, when the duties and responsibilities of existing positions have undergone significant change, when new positions are to be established or upon request of the board of aldermen, Department Head or affected employee.

5-4. Classification of Positions.

Each position in the classified service shall be classified at the direction of the City Administrator, or his delegate in accordance with the plan and methodology of the Ralph Anderson and Associates Job Evaluation/Compensation Report.

5-5. Position Descriptions.

The City shall maintain a master set of all approved position descriptions which shall constitute the official position descriptions of the position classification plan.

Such position descriptions shall be open for inspection in the office of the human

resources by the public under reasonable conditions during regular business hours.

5-6. Application of the Compensation Plan.

The compensation plan, containing salary bands for positions, shall be applied in accordance with the Ralph Anderson and Associates Job Evaluation/Compensation Report for all employees.

5-7. Special Allowances.

All employees who use their personal automobiles in the performance of official duties, either as incidental to or a normal part of their regular assignment, shall be reimbursed on a mileage basis as established by the City Administrator, provided they are not paid a monthly expense allowance for the use of the automobile, and provided prior authorization for use was given.

5-8. Working Hours.

- (a) The 7-day workweek is defined as Sunday through Saturday. Pay day is Friday, and most employees are paid on a biweekly basis.
- (b) City offices serving the public shall be open and staffed each working day, from 8:00 a.m. to 5:00 p.m., Monday through Friday. The City Hall hours will be posted on all City Hall entrances.
- (c) Two (2) rest periods of fifteen (15) minutes each are provided for employees, scheduled at the discretion of the Department Head.
- (d) Assigned work hours may vary between departments and locations to maintain proper work area coverage and service to the community.

5-9. Time Reporting.

Attendance records are Company records, and care must be exercised in recording the hours worked, overtime hours, and absences. Employees are not to clock or sign in or out for other employees or request or allow other employees to log-in for the employee. Violations of this policy may result in appropriate disciplinary action, up to and including immediate discharge.

All non-exempt employees must record the time they arrived/departed and at lunch, each day, on his/her time record. Each employee is responsible only for his/her own recordkeeping.

Once an employee clocks or signs in, work is to commence immediately. Failure to do so is considered falsification of timekeeping records.

If an employee forgets to clock or sign in or out, he or she must notify his or her supervisor immediately so the time may be accurately recorded for payroll.

5-10. Overtime Policy.

- (a) The Department Head shall assign to each employee regular work duties and responsibilities which can normally be accomplished within the established workday and work period. However, occasionally, some overtime work may be necessary. It is the responsibility of the Department Head to determine the need for overtime in order to adequately serve the public, and to require employees to perform work in excess of the regular work hours. It is also the responsibility of the Department Head to limit overtime by proper staffing, scheduling, and manpower utilization. All overtime arrangements for overtime work shall be approved by the Department Head. Overtime shall not apply to time devoted to correctional procedures involved with improper performance.
- (b) In accordance with the Fair Labor Standards Act, Department Heads are considered executive personnel and, as such, are not entitled to overtime pay.
- (c) An employee shall accrue overtime as provided by the Fair Labor Standards Act, as amended from time to time.

5-11. On Call Policy.

- (a) The on-call period will start at a day and time as determined by each department.
- (b) The on-call period for each day in which the staff member is to be on standby, but has worked a regular shift, will begin immediately upon the end of said regular shift.
- (c) Hourly staff that carry a cell phone or pager for the purpose of responding to afterhours calls (on-call) shall be paid one (1) dollar per-hour standby pay for each hour not on regular paid status.
- (d) When called and it is determined that the event does not require the person to report for duty, that person will be paid for one (1) hour of time worked.
- (e) When called and the need to respond back to work is confirmed, the on-call person shall be deemed as on the clock immediately and remain on the clock until returned back to standby status or three (3) hours of time worked, whichever is greater.
- (f) When called and the need to respond to work is confirmed, the on-call person shall remain on standby status until they have reported to their regular location of work, or the call location, as determined by each department. When the on-call person has reported for work they will be on the clock as determined by the on-call policy.
- (g) Overtime pay will not take effect until the employee has worked the required forty (40) regular hours in a single work week, including any calls out. Standby pay, Vacation, Sick leave, and Holiday pay do not count toward the overtime threshold.
- (h) The following exceptions to the rules above apply as follows:
 - (1) Additional calls that occur during the original one (1) hour period when a call does not require that a person report for duty will be handled as part of the

original call and the employee will remain on the clock and a new call or one (1) hour period will not be started.

- (2) Additional calls for service required that occur during the original three (3) hour period of pay will be handled as part of the original call and the employee will remain on the clock and a new call or three (3) hour period will not be started.
 - (3) Calls that occur less than three (3) hours before the beginning of a normal shift will be paid from the time the call is received until the start of the work day.
 - (4) Standby pay ends when either a callout begins or the employee is otherwise on the clock (paid status). Total pay may not exceed twenty-four (24) hours of standby and paid status in a twenty-four (24) hour period.
- (i) No individual shall be on-call for more than two consecutive weeks without at least a one-week break.
 - (j) The person on-call shall return any call or page within fifteen (15) minutes.
 - (k) The person on-call shall, if called out, report for duty within one (1) hour.
 - (l) The on-call team shall maintain the ability to report to work without impairment during the entire length of the tour of duty.
 - (m) It shall be the discretion of each department and its Department Head thereof to determine what constitutes a call that requires a person to report for duty. Every person who may be on-call shall know which calls they must respond back to work according to their department policies.
 - (n) In the case of injury, accident involving a city vehicle or equipment or other property damage a supervisor must be called and respond to the scene.
 - (o) In the event the on-call person determines there to be a need for additional help they must first contact a supervisor for approval.
 - (p) When there is a real probability that the media may try to interview the on-call person all questions shall be directed to the supervisor and/or Department Head.

6. VIOLENCE IN THE WORKPLACE

6-1. Purpose.

The City of Raytown recognizes the need to provide for the safety and security of all employees, citizens and other persons. Therefore, threats, threatening behavior, or acts of violence against employees, citizens or other persons by anyone on the City's property will not be tolerated. This includes physical attacks, verbal or physical threats, destruction of property, sexual harassment, intimidation, or abusive language.

6-2. Definitions.

[The following words, terms, and phrases, when used in this article, shall have the

meanings set out in this section, unless the context clearly indicates otherwise:]

Harassment. Conduct that is unwelcome and may create an intimidating, hostile or offensive work environment.

Intimidation. Actions that are intended to influence another's behavior by use of fear.

Physical attack. Unwanted or hostile physical contact such as hitting, fighting, pushing, shoving, biting, spitting, and throwing objects.

Property damage. Intentional damage to property, which includes property owned by the City, employees, citizens or other persons.

Threat. The expression of intent to cause physical or mental harm. An expression constitutes a threat without regard as to whether the party communicating the threat has the present ability to carry it out and without regard as to whether the expression is contingent, conditional or future.

Workplace violence. Includes but is not limited to harassment, threats, physical attack or property damage.

6-3. Prohibited Actions.

- (a) It is a violation of this policy to engage in any act of workplace violence, except for law enforcement personnel as authorized by law and within the confines of the law enforcement agency policies.
- (b) No employee or third party, excluding law enforcement personnel is permitted to bring weapons or firearms into the workplace, or onto the City's property, or within City vehicles.
- (c) Any person who poses a threat to himself or others shall be removed from the premises and shall remain off City premises pending notification from the respective Department Head, City Administrator or other authorized personnel.
- (d) The City will initiate an appropriate response that may include, but is not limited to, reassignment of job duties, suspension or termination of employment, suspension and/or termination of any business relationship, and/or criminal prosecution of the person or persons involved.

6-4. Employer Responsibilities.

- (a) The City will issue a copy of this policy to all employees. This policy will be provided to new employees during orientation.
- (b) The City shall cooperate fully with police and other law enforcement officials in the investigation and prosecution of violent acts.
- (c) The City understands the sensitivity and confidentiality of the information requested (threats, restraining orders, property damage, harassment, etc.) and recognizes and will respect the privacy of the reporting employee(s) to the extent authorized by law.

6-5. Employee Responsibilities.

- (a) In the workplace, any employee witnessing violence directed against another or him/herself shall call a supervisor or 911, depending on the situation. The employee

should also observe the situation and attempt to get information such as the name and description of the perpetrator, but only if it can be done without endangering the employee or others.

- (b) Any employee having knowledge of workplace violence involving any other employee (as victim or perpetrator) must report such an act to a supervisor immediately. Disciplinary action may result if the employee having knowledge of a suspected violent act fails to report the episode.
- (c) All employees who apply for or obtain a protective or restraining order which lists the City's property or City's facilities, as being protected areas must provide this information to the director of his/her department. The director must report this information to the police chief.
- (d) Employees shall cooperate fully with police and other law enforcement officials in the investigation and prosecution of violent acts.
- (e) All employees are encouraged to communicate with each other to be aware of any unusual activity that may identify the potential for or actual occurrence of workplace violence.
- (f) Suggestions for improvements in safety may be channeled through supervisors, the Department Head or Human Resource Manager.

6-6. Implementation.

Managing a potentially violent situation:

- (1) Employees are expected to assist the general public and fellow employees in a courteous manner, but not subject themselves to abusive conduct if:
 - (A) Confronted by a distraught, harassing or abusively angry person. If a person becomes angry or abusive, the employee should courteously attempt to calm the person down. If that does not work, the employee shall ask a supervisor to intervene.
 - (B) Confronted by a person threatening bodily harm. If an employee feels that he/she or another person is threatened, and in danger of imminent bodily harm, the employee should attempt to leave the scene to call 911, if it can be done safely. If the supervisor is not aware of the situation, the employee must notify the supervisor as soon as it can be done safely.
- (2) Employees who work in the community are at higher risk of workplace violence.
 - (A) Uniformed officers should always wear bullet-proof vests while on duty.
 - (B) If possible all field employees will be issued a form of communication, such as cellular phones or radios.
 - (C) Employees are instructed not to enter any location if they feel unsafe unless it is necessary.
 - (D) Employees should utilize the "buddy system" when appropriate.
 - (E) Non-law enforcement personnel should ask the police for assistance if

warranted.

- (F) Require field staff should keep a contact person informed of their location.

6-7. Reporting Incidents.

- (a) Each incident of violent behavior, whether committed by another employee or an external individual, must be reported to a supervisor or Department Head. The incident will be assessed and investigated and the Department Head shall determine the appropriate action to be taken. The Human Resource Manager must be informed of all reported incidents of workplace violence.
- (b) In critical incidents, in which serious threat or injury occurs, emergency responders such as public safety (police/fire) and/or ambulance personnel must be notified immediately.

6-8. Conclusion.

This policy is established for the benefit of all employees, citizens, or other person to ensure a safe workplace. Any questions regarding this policy or violence in the workplace should be directed to the Human Resource Manager.

7. SUBSTANCE ABUSE

7-1. Statement of Purpose.

The purpose of this policy is to set consistent and clear-cut guidelines for the handling of substance abuse cases involving City employees. Through implementation of this policy, the City intends to provide a drug- and alcohol-free working environment for its employees, and thereby enhance the ability of City employees to deliver safe and efficient service to the community. It is the intent of this policy to approach substance abuse from the point of view that drug and alcohol dependencies are medical and behavioral problems which can and must be treated. In appropriate cases, disciplinary action will be taken in accordance with the provisions of this policy and the disciplinary policy. Nothing in this policy is intended nor shall be construed as a limitation on the power and authority of the City of Raytown to take disciplinary action under any applicable provision of the disciplinary policy.

Responsibility of the employee. It is the individual responsibility of each employee and applicant for employment to read, understand, and abide by the provisions of this policy. Any questions you have about the application of this policy may be directed to supervisory personnel within your own department, or to the Human Resource department.

Employees with substance abuse problems must understand that they are personally responsible for seeking evaluation and undertaking rehabilitation. The City encourages such employees to seek help through the employee assistance program, which will be administered in a manner to provide confidentiality for those who seek treatment. Any employee who is aware that he is dependent upon alcohol or drugs and who either voluntarily admits his dependency to his departmental supervisor or voluntarily seeks treatment through the employee assistance program for his problem shall not be subject to discipline for having admitted that he has such a problem, nor for seeking treatment for such a problem.

Those employees who conceal substance abuse problems from supervisors and do not voluntarily seek help through the employee assistance program place their employment with the City in jeopardy. In the event a concealed substance abuse problem adversely affects job performance, causes or contributes to misconduct either on or off duty, or causes the employee to become involved in criminal activity or proceedings, the employee will be subject to formal discipline as prescribed in this policy and in accordance with the disciplinary policy.

Employees who are ordered by supervisory personnel to seek treatment for substance abuse problems through the employee assistance program may also be subject to formal discipline for actions which are in violation of this policy.

Responsibility of the City of Raytown. Management for the City recognizes that cooperation between employees and management is essential in dealing with the problems caused by substance abuse. The official policy of the City shall be to encourage and assist City employees in voluntarily seeking treatment for substance abuse problems through the employee assistance program. In appropriate cases, as an alternative to or in conjunction with formal disciplinary proceedings, an employee may be ordered to seek assistance for substance abuse problems through the employee assistance program. The employee assistance program will be administered in accordance with the specific provisions set out in subsequent sections of this policy.

7-2. Application of this Policy; Definitions.

The provisions of this policy shall apply to all employees of the City and to all applicants for positions with the City. The City of Raytown shall apply this policy in a manner which is consistent with its obligations under state and federal law.

The terms "controlled substance", "deliver," "drug", "drug paraphernalia", and "manufacture" as used herein, shall have the same meanings as set out in Chapter 195, R.S.Mo. The terms "controlled substance" and "drug" as used herein shall in all instances include prescription drugs, unless specifically excluded.

The term "drug test" shall refer to a urinalysis test, consisting of an initial screening test followed by a confirmatory test in the event the results of an initial screening test are positive.

The term "alcohol test" shall refer to testing of a sample of breath or blood to determine the percentage by weight of alcohol in the blood of the tested subject.

"Intoxicants" shall include any beverage or substance containing alcohol for human consumption.

"Public safety position" shall include all positions falling within the following categories: (a) law enforcement officers; (b) jail detention officers.

"Public health position" shall include all health services positions in which the job duties require an employee to: deliver or assist in the delivery of hands-on diagnosis or treatment of patients; operate, repair, maintain, or sterilize equipment used in the delivery of health care services; prepare, dispense, stock, or otherwise handle prescription drugs.

"Equipment handling position" shall include all positions in which the employee is regularly required as a part of his duties to operate motorized heavy equipment such as dump trucks, solid waste packer trucks, tractors, bulldozers, earth scrapers, road graders, large backhoes, front end loaders, street sweepers, tank trucks, or any other type of heavy duty self-propelled equipment, excluding automobiles and pickup trucks.

"Reasonable suspicion" shall refer to a suspicion based upon objective facts and circumstances from which an ordinarily careful and prudent supervisor could conclude that an individual is in possession of or under the influence of drugs or alcohol while on City property or while on duty. Circumstances which constitute a basis for determining reasonable suspicion include, but are not limited to: (a) a pattern of abnormal or erratic behavior while on duty; (b) information provided by a reliable and credible source; (c) direct observation of drug or alcohol possession or use; (d) presence of the physical symptoms of drug or alcohol use; such as glassy or bloodshot eyes, odor of intoxicants on breath, slurred speech, poor balance, poor

coordination, or impaired reflexes; (e) an admission of possession or use of drugs or alcohol by the employee.

"Employee" means a person appointed to a position in the municipal service for which he is compensated on a full-time or part-time basis. The term employee refers to both male and female employees, and the use of the pronouns "he" and "his" in this policy shall in all instances be read to refer to both male and female employees.

7-3. Prohibited Acts and Disciplinary Actions.

- (a) *Grounds for disciplinary action or denial of employment.* Applicants for employment may be denied employment, and employees may be subject to disciplinary action up to and including dismissal from employment, for commission of any of the following acts:
- (1) Reporting for work, performing work, or applying for work while under the influence of illegal drugs, prescription drugs, or intoxicants, and causing, or creating an unreasonable risk of damage to property or injury to any person;
 - (2) Using, selling, possessing, manufacturing, or delivering controlled substances or drug paraphernalia at any time or place except as authorized by law, whether on or off duty;
 - (3) Consuming intoxicants while on duty, or possessing intoxicants on City property with the intent to consume them while on duty, except in cases where such consumption is permitted or required in the line of duty;
 - (4) Providing or selling intoxicants to any other person while on duty, except in cases where such activity is permitted or required in the line of duty;
 - (5) Testing positive for the presence of drugs or alcohol following completion of testing procedures authorized by Section 7.1-4 of this policy;
 - (6) Failing or refusing to submit to a test sample within two (2) hours after the time a request for a test sample was made, causing or attempting to cause the adulteration of a test sample, submitting or attempting to submit a false test sample, or otherwise obstructing the process of testing for the presence of drugs or alcohol.
- (b) *Termination specifically authorized; when.* Termination of an employee shall be specifically authorized when:
- (1) The employee has sold or attempted to sell controlled substances, whether on or off duty;
 - (2) The employee has possessed or has manufactured a controlled substance under circumstances that create a reasonable inference that the employee intended to sell the controlled substance, whether on or off duty;
 - (3) The employee has used, or has been found to be [in] unauthorized possession of, illegal drugs while on duty; or the employee has been found to be on duty while under the influence of illegal drugs, prescription drugs, or intoxicants and has caused, or created an unreasonable risk of damage to property or injury to any person;
 - (4) The employee has failed or refused to submit a test sample within two (2) hours after the time a request for a test sample was made, has caused or attempted to

cause the adulteration of a test sample, or has submitted or attempted to submit a false test sample following a request for submission of a test sample.

- (5) The employee has previously been ordered by the appointing authority to seek treatment for a substance abuse problem through the employee assistance program or any treatment facility, and has subsequently committed a new offense involving substance abuse which would constitute grounds for discipline under the provisions of this policy.
- (c) *Disciplinary action shall be independent of all other proceedings.* Disciplinary action which may be undertaken pursuant to this policy and the provisions of the disciplinary policy shall constitute an independent administrative action against the employee involved, and shall not be dependent upon or controlled in any manner by any other civil, administrative, or criminal proceedings which are or may be instituted against the employee.

7-4. Testing for the presence of Alcohol and Drugs; when authorized; What substances will be tested for.

- (a) Pre-employment testing. Effective as of the date of the adoption of this policy:
 - (1) A copy of this policy shall be provided to each applicant for employment, who shall sign and date the attached "Receipt of Substance Abuse Policy and Consent to Drug and Alcohol Testing" form, which shall then be made a permanent part of the applicant's file. This form shall be competent evidence in any subsequent proceedings that the applicant has received notice of the provisions of this policy and has consented to testing under the provisions stated herein. A refusal by any applicant to execute this form shall constitute grounds for denial of employment.
 - (2) All applicants shall be subject to mandatory testing for the presence of drugs and alcohol in accordance with the testing procedures herein set out, except that City employees who apply for such positions and who have successfully completed testing as a condition of employment with the City shall not be subject to retesting under this subsection. Those applicants subject to mandatory testing who are conditionally appointed to a public safety, public health, or equipment handling position with the City shall be required to undergo drug testing within the fourteen (14) days following their conditional appointment to a position. The mandatory testing provisions of this subsection shall not apply to the promotion or transfer of a public safety, public health, or equipment handling employee within his own department.
 - (4) Applicants who test positive for the presence of drugs or alcohol may be denied employment.
- (b) *Testing of current employees.* Effective as of the date of the adoption of this policy:
 - (1) A copy of this policy shall be provided to every City employee, and each employee shall be required to sign and date the attached receipt form, which shall then be made a permanent part of the employee's personnel file. This form shall be competent evidence in any subsequent proceedings that the employee has received notice of the provisions of this policy.
 - (2) All current City employees shall be subject to testing for the presence of drugs, including prescription drugs, and alcohol upon reasonable suspicion that the employee is under the influence of drugs or alcohol while on duty. A request for

the testing of an employee may be initiated by any supervisor who has a reasonable suspicion that the employee is under the influence of drugs or alcohol while on duty. Testing shall be authorized if the request is approved by the highest ranking departmental supervisor available to review the request for testing. Those supervisors with authority to approve a request for testing include Department Heads, assistant Department Heads and division heads; and police majors.

- (3) An employee who has been ordered to seek treatment for a substance abuse problem through the employee assistant program shall be subject to random testing for the presence of drugs or alcohol during the twelve-month period following the date of the notice of referral to the EAP.
- (4) An employee who is injured in the course of work or experiences a work-related illness shall be tested for the presence of drugs and alcohol.
- (5) An employee who is involved in a property damage or personal damage accident while on duty shall be tested for the presence of drugs and alcohol.

(c) *Substances to be tested for.* Testing may be administered to detect the presence and concentration of any substance which acts on the central nervous system as a stimulant, a depressant, or has a dissociative effect. Those substances and concentration levels tested for will include, but are not limited to:

TABLE INSET:

Substance	
Alcohol	.05% by weight of alcohol in the blood
Amphetamines/methamphetamines ("speed")	ng/ml
Barbiturates ("downers")	ng/ml
Benzodiazepines (tranquilizers, such as valium and librium)	ng/ml
Cannabinoids (marijuana, hashish)	ng/ml
Cocaine	ng/ml
Methadone	ng/ml
Methaqualone (quaaludes)	mcg/ml
Opiates (codeine, heroin, morphine)	ng/ml
Phencyclidine (PCP, "angel dust")	ng/ml
Propoxyphene (Darvon)	ng/ml

Drugs not otherwise included in the preceding categories will be tested to the concentration levels for which testing is customarily accurate, as stated in the manufacturer's specifications for the particular test kit or method to be used.

7-5. Testing procedures; Discipline which may be imposed for confirmed positive test results; Mandatory and voluntary referral to employee assistance program.

- (a) *The testing agency.* Drug and alcohol testing shall be performed by an independent certified laboratory of the City's choice. All testing shall be performed in accordance with accepted scientific standards. Due care shall be taken by the testing agency to respect the dignity and privacy of individuals required to give test samples. The testing agency shall be responsible for maintaining appropriate chain of custody procedures for all test samples. The testing agency shall be required to retain unused portions of each test sample that has initially shown a positive result for the presence of drugs or alcohol in order that additional testing may be performed on the sample on behalf of the tested employee.

- (b) *Confidentiality of testing information.* All information regarding the testing of applicants and employees shall be confidential. Laboratory reports and test results shall not be placed in a employee's general personnel file, but shall be kept in a separate confidential medical folder that will be securely kept under the control of the Human Resource Manager who is authorized to release the contents of the confidential medical folder only on a strict need-to-know basis to management-level members of the staff of the personnel office, the law department, and the employee's department; to the board of aldermen upon request of the board; and to the tested employee upon request. Disclosure without employee consent is also authorized if: (a) production of the information is compelled by law, or by judicial or administrative process; (b) the information has been placed at issue in a formal dispute between the City and the employee; (c) the information is to be used in administering an employee benefit plan; (d) the information is needed by medical personnel for the diagnosis or treatment of the employee, and he is unable to authorize disclosure.
- (c) *Confirmation of test results.* A test sample which initially yields a positive result shall be tested a second time using a gas chromatography/mass spectrophotometry (GC/MS) test. If the second test confirms the initial positive test result, the employee or applicant shall be notified of the results in writing. The notification shall identify the particular substance or substances found, and shall specify the concentration level. An employee or applicant whose second test confirms the original positive test result may, at his own expense, have additional testing conducted on the original test sample at a qualified laboratory of his own choosing.
- (d) *Consequences of a confirmed positive test result.*
- (1) *Job applicants.* Job applicants will be denied employment with the City if an initial positive test result has been confirmed by the GC/MS test.
 - (2) *Current employees.* An employee whose initial positive test result has been confirmed by the GC/MS test is subject to disciplinary action up to and including termination. Factors to be considered in determining the appropriate disciplinary response shall include, but are not limited to: (a) the employee's work history, including length of employment, current level of job performance, past disciplinary actions imposed, including a consideration of whether the employee has been previously disciplined or referred to treatment for substance abuse problems; (b) the job classification of the employee; (c) the specific circumstances which caused the testing to be required, including a consideration of whether the employee's actions caused injury to property or to any person, or created an unreasonable risk of injury to property or to any person; (d) previous efforts on the part of the employee to deal with his substance abuse problem; and (e) the degree to which continued employment of the individual would either enhance or impair the ability of the affected City department to deliver safe and efficient service to the community, including a consideration of whether public trust and confidence in the City service would be adversely affected.
- (e) *Mandatory referral to the employee assistance program.* As an alternative to or in conjunction with formal disciplinary proceedings which may be instituted against an employee for a violation of the provisions of this policy, an employee may be ordered to seek assistance for a substance abuse problem through the employee assistance program. The appointing authority is authorized, in appropriate cases, to suspend the imposition of formal discipline (dismissal, demotion, reduction in compensation, suspension without pay) for a period not to exceed one (1) year, pending the successful completion of assessment, counseling, and rehabilitation by the employee. Written notice of mandatory referral to the employee assistance program shall be given to the

employee.

In the event the employee does not complete assessment, counseling, or rehabilitation, the appointing authority may, within the one-year period following the date of written notice of mandatory referral to the EAP, impose such formal discipline as is authorized under this policy and the disciplinary policy for the offense involved. No formal discipline may be imposed for the underlying offense more than one (1) year after notice of mandatory referral to the EAP.

- (f) *Expungement of drug and alcohol testing records.* Upon written request by the tested employee, all records relating to a request for and the results of drug or alcohol testing may be expunged from an employee's file and destroyed if the results of the testing do not show a substance concentration level at or above the levels set out in Section 7.1-4(c) of this policy; provided, that if the employee who has been tested files an appeal, the records shall be preserved until the conclusion of all proceedings arising out of the appeal. This subsection shall not apply to preemployment testing authorized under this policy, and the results of preemployment testing shall remain a permanent part of an employee's file.

7-6. Employee Assistance Program.

- (a) *Administration of the EAP.* The employee assistance program will be administered by the Human Resource department. The Human Resource Manager shall develop necessary procedures to maintain confidentiality of records and to ensure that the functions of the employee assistance program are properly carried out.
- (b) *Functions of the EAP.* The employee assistance program will function primarily as an intake and referral service for those employees who have either voluntarily sought help for substance abuse problems or who have been directed by the appointing authority to seek assistance through the program. The Human Resource Manager will compile and maintain all information and records necessary to the task of referring employees to substance abuse treatment services, programs, and institutions in the community. The Human Resource Manager will monitor the progress of employees seeking treatment through the EAP to the extent necessary to document and verify proper administration of employee health care or other applicable benefit plans, including use of leave time.
- (c) *Employee use of leave time while seeking and receiving treatment through the EAP.* Employees who are receiving treatment for substance abuse problems through the EAP are entitled to use all forms of accumulated leave time available to them, including sick leave, vacation time, and compensatory time. Should an employee who is receiving treatment through the EAP prefer to take a leave of absence without pay rather than utilize accumulated leave time; or should an employee exhaust all available leave time prior to receiving medical clearance to return to his work duties, the employee may request a leave of absence without pay, in accordance with the leave of absence and benefits policy. Such a request will be considered in light of all the circumstances of the case, including but not limited to the manpower needs of the affected City department, the medical needs of the employee, and the degree of good faith effort displayed by the employee in dealing with his substance abuse problem. Nothing herein shall be construed to require that a leave of absence without pay must be granted in such cases.
- (d) *EAP records to be held in confidence.* All information regarding mandatory referrals to the employee assistance program shall be confidential. Records of EAP shall not be placed in an employee's general personnel file, but shall be kept in a separate confidential folder that will be securely kept by the Human Resource Manager. The Human Resource Manager is authorized to release the contents of the confidential folder

only on a strict need-to-know basis to management-level members of the staff of the law department, the Human Resource office, and the employee's department; to the whole board of aldermen upon request of the board; and to the employee upon request. Disclosure without employee consent is also authorized if: (a) production of the information is compelled by law, or by judicial or administrative process; (b) the information has been placed at issue in a formal dispute between the City and the employee; (c) the information is to be used in administering an employee benefit plan; (d) the information is needed by medical personnel for the diagnosis or treatment of the employee, and he is unable to authorize disclosure.

7-7. Appeal Rights.

An employee who receives formal discipline (dismissal, suspension without pay, demotion, reduction in compensation) for violation of the provisions of this policy is entitled to the appeal rights granted in the review policy, if applicable.

7-8. Statement of intent to comply with the requirements of the Drug-Free Workplace Act.

In addition to the provisions stated in the text of the substance abuse policy of the City of Raytown, Missouri, and in accordance with the requirements placed on the City by the provisions of the Drug-Free Workplace Act of 1988, Public Law 100-690, Title V, Subtitle D, all employees of every department of the City of Raytown, Missouri, are hereby notified as follows:

- (a) The unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited on, about, or within any property which is owned, leased, operated, used, maintained or occupied by the City of Raytown, Missouri, as a vehicle or site for the performance of work done in connection with a specific federal grant. Employees who violate this prohibition will be subject to disciplinary action up to and including termination; or mandatory referral for substance abuse assessment, counseling, and rehabilitation; or a combination of these actions, in accordance with the provisions of the substance abuse policy of the City.
- (b) In furtherance of the City's obligation to provide a drug-free workplace, the Human Resource Manager shall establish a drug-free awareness program to inform employees about:
 - (1) The dangers of drug abuse in the workplace;
 - (2) The City's policy of maintaining a drug-free workplace;
 - (3) Available sources for drug counseling, rehabilitation, an employee assistance program for substance abuse problems; and
 - (4) The penalties which may be imposed on employees who commit drug abuse violations in the workplace.
- (c) Every employee who is engaged in the performance of any work connected with a federal grant shall be provided with a copy of this statement and of the substance abuse policy of the City.
- (d) Every employee who is engaged in the performance of any work connected with a federal grant shall, as a condition of employment under the grant:
 - (1) Abide by the terms of this statement and of the substance abuse policy of the City;

- (2) Notify the City of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction.
- (e) The City of Raytown will notify the federal agency through which a grant is administered within ten (10) days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction.
- (f) The City of Raytown will take one (1) or more of the following actions within thirty (30) days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted:
 - (1) Impose appropriate personnel action against such an employee, up to and including termination;
 - (2) Require such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.
- (g) The City of Raytown will make a good faith effort to continue to maintain a drug-free workplace through implementation of the provisions of this statement and of the substance abuse policy of the City.

CITY OF RAYTOWN Request for Board Action

Date: June 21, 2016
To: Mayor and Board of Aldermen
From: Mark Loughry, Finance Director

Bill No.:
Section No. V-A

Department Head Approval: _____

Finance Director Approval: _____

City Administrator Approval: _____

Action Requested: Approve Ordinance moving City employees from the current LT5-65 non participatory LAGER's plan to the L-12 participatory plan.

Analysis:

Currently the City provides a pension benefit for all employees through the state ran LAGER's program. The current plan is funded 100% by the City and provides a benefit roughly equivalent to 1.25% of the average annual wage over the last three years in the system times the number of years of service. This plan is near the bottom level of programs offered and is not competitive in the metro area.

After reviewing the other options in the LAGER's program the Employee Benefit Committee asked LAGER's to perform an actuary comparison between the current plan and the L-12, L-14 and L-6 programs assuming mandatory participation. Based on the current budget the cost of each proposal compared to the current plan is detailed below.

	Current Plan	L-12	LT-14 (65)	L-6
	1.25%	1.75%	1.75% (+.25% to 65)	2.00%
Cost based on current payroll	\$894,175	\$905,513	\$928,777	\$1,106,377
Difference from current		\$11,338	\$34,602	\$212,202

After further review and feedback provided during the discussion in the department meetings, the Benefit Committee is recommending the City change the current LAGER's program. In reviewing the increased cost to the City and understanding that there will likely be a system wide increase for the City the Finance Director is recommending a change to L-12 participatory. This will require all employees to participate in their retirement program and significantly increase both future and current earned benefits without a significant increase to the City.

There is a 45 Day review process so the second reading of the ordinance will not occur until the expiration of that time.

Alternatives:

Continue in the current LAGER's program.

Budgetary Impact:

It is recommended that this change be implemented as part of the 2016/17 budget process so that the increase will be addressed in the budget.

Additional Reports Attached: LAGER's handout



Welcome to LAGERS!

LAGERS is a non-profit public pension system for local government employees in Missouri, consisting of more than 660 employers from which you can work and earn retirement benefits!

As a LAGERS member, you join nearly 40,000 Missouri local government employees across the state serving their communities. With your LAGERS Defined Benefit Plan, you have a valuable tool in helping you to plan and reach a secure retirement with protected lifetime benefits from your employer!

How Does My LAGERS Benefit Work?

LAGERS is a defined benefit retirement plan. Defined benefit plans provide guaranteed monthly payments based upon a formula that reflects your working career within the LAGERS system. Your monthly payments will begin at retirement age and continue every month for as long as you live.

LAGERS benefits are calculated using a formula based upon three factors:

-  How long you work
-  How much you earn in salary
-  A unique set of benefit levels elected by your employer

Benefits are not affected by swings in the markets, do not require individual portfolio management, and are not based on an account balance that can be outlived. Benefits are permanent, protected, and guaranteed for the lifetime of every eligible LAGERS member.



Benefits are Based on a Formula --



Investments are Professionally Managed --



Market Swings do NOT Impact Benefits --

Stay Connected with Your Retirement System!

 (800) 447-4334

 info@molagers.org

 www.molagers.org



Keep up with the latest pension news, retirement related information, and system updates by following the LAGERS system on social media!



Welcome

to the LAGERS Retirement System

This brochure provides an abbreviated explanation of the statues governing the LAGERS system and does not amend or overrule RSMo70.600 - 70.755 or Administrative Rules, Title 16, Division 20.



How is My Benefit Calculated?

All LAGERS benefits are calculated using this formula. Your monthly retirement benefit is based on how long you work and how much you earn: the longer you work for a LAGERS employer, and the more you earn in salary over your career, the greater your monthly benefit will be at retirement.



Benefit Program x Credited Service x Final Average Salary

= Monthly Lifetime Benefit

Your LAGERS benefit is designed to replace a certain percentage of your pre-retirement income when you retire. You can quickly estimate how much of your income you can expect your LAGERS benefit to replace by taking your projected years of service times your employer's Benefit Program multiplier.

How to Ballpark Your Future Benefit

"I think I'm going to work for 25 years at my employer, who has the L-7 Benefit Program."

25 years x .015 = 38%

"My LAGERS benefit will replace 38% of my final average salary at retirement."

**Your final average salary will be based on either your highest consecutive 36 or 60 months of wages from your last 120 months of LAGERS credited service.

Benefit Program	Lifetime Multiplier	Lifetime Income Replacement with 25 Years of Service
L-1, LT-4*	1.00%	25%
L-3, LT-5*	1.25%	31%
L-7, LT-8*	1.50%	38%
L-9, LT-10*	1.60%	40%
L-12, LT-14*	1.75%	44%
L-6	2.00%	50%

*LT Benefit Programs are calculated using the lifetime multiplier, shown above, plus an additional temporary benefit which increases the multiplier to 2.00% until age 65 (or 62)



Your Survivor and Disability Benefits

Your LAGERS benefit is designed to provide lifetime income for you and those who are financially dependent on you. As such, every LAGERS member is covered by Disability and Survivor benefits.

All vested members are eligible for these lifetime benefits and non-vested members are eligible if the permanent disability or death is caused by your job.

Designating Beneficiaries

As with any benefit, it is important to keep your beneficiaries up to date. If you pass away prior to retirement, LAGERS will first look to pay an eligible spouse or dependent child a Survivor Benefit. If no such benefit is payable, LAGERS will refund any Member Contributions, plus interest, to the beneficiary you have designated.

When you apply for retirement benefits, you will elect new beneficiaries with your Payout Option.

myLAGERS

You can view and update your beneficiary designations 24/7 on your myLAGERS account!

When Can I Retire?

You will become eligible for a monthly retirement benefit once you are **vested** and have reached **retirement age**.

1

Vesting occurs once you've earned 60 months (5 years) of service in the LAGERS system. This may be with one or more LAGERS employers.

Once vested, you are guaranteed a retirement benefit under Missouri law.

2

Normal Retirement Ages:

General Employees Age 60
Police Officers and Firefighters Age 55

Early Retirement Ages:

Up to 5 years early of your Normal Retirement Age. (Benefits are permanently reduced 1/2% for each month early a member retires.)

Rule of 80 Retirement Age:

Your employer must elect this option. Not all employees will be eligible. Full benefits are payable when a member's:

Age + Credited Service = 80



How is My Benefit Paid For?

Some employers choose to pay the full cost of this benefit while others require their employees to help contribute.

If your employer requires employees to contribute, 4% of gross wage will be withheld from your paycheck each month. You will receive your contributions back either as part of your retirement benefit or, if you terminate employment prior to retirement and do not wish to receive a monthly benefit, you may apply for a refund.



Can I Take My Benefit with Me if I Leave?

You can work for any combination of employers within the LAGERS system and continue to add to your retirement benefit. Each of your benefits will be calculated separately at each employer's respective benefit levels.

If you choose to work outside of the LAGERS system, you are still entitled to any vested benefit(s) once you reach retirement age.



FINANCE DIRECTOR'S OFFICE

10000 EAST 59TH STREET

RAYTOWN, MISSOURI 64133-3993

PHONE: 816-737-6084 - FAX: 816-737-8370

E-MAIL: MARKL@RAYTOWN.MO.US

MEMORANDUM

Date: 06/02/2016

To: Finance Committee

From: Mark Loughry, Finance Director

Re: Public Banking

Aldermen Mark Moore and Eric Teeman have been looking into the possibility of opening a public bank in Raytown. I feel there is a lot of merit in the concept of a public bank but my knowledge on what it takes to open a public bank is limited at best. After meeting with Eric and Mark and looking into this further we felt it would be a good idea to take this to the Finance Committee. I have attached several documents about public banking for your review and discussion.

Sincerely

Mark Loughry, CPM
Finance Director



Planning for a Public Bank: Pathway to Prosperity

A Guide for
Elected Municipal and State Officials,
Finance and Treasury Officers
And Interested Citizens and Organizations

www.publicbankingpa.org

www.publicbankinginstitute.org

Foreword

In the aftermath of the 2008 – 2009 collapse of Wall Street and the “slow moving social catastrophe” let loose in its wake – massive unemployment, bankruptcies, bank failures, skyrocketing debt, savage cuts to vital public services, foreclosures, homelessness and rising poverty – many eyes across the nation turned to North Dakota, which almost alone among the fifty states was posting budget surpluses, the nation’s lowest unemployment and foreclosure rate, and saw no bank failures.

What did North Dakota have that the other states did not? The answer is not oil and gas. Many states, including its near neighbors, had even larger energy industries. What set North Dakota apart and spared its citizens the ravages of the Great Recession?

The answer is a public bank. For the past eight years the public Bank of North Dakota (BND) continued to do what it has done for almost one hundred years: keep affordable credit flowing into North Dakota’s banks and businesses, creating jobs, driving down public debt and returning hundreds of millions of dollars of its profits to the people of the state as non tax revenue; all the while boosting the economy and generating more tax revenue to support the general welfare and common wealth of the people.

In 2010 the Public Banking Institute (PBI) and later the Pennsylvania Project and other state and local public banking advocacy organizations were formed to examine how the public bank model can be applied not only to other states, but to cities, municipalities and counties. Today, well organized efforts are underway to create public banks in more than twenty states and as many municipalities across the United States and here in Pennsylvania.

This Working Paper aims to share what has been learned about the important issues that must be addressed as states and municipalities go forward, so that in 2016 Americans can begin to realize the promise and benefits of public banks.

Step one: Define Terms

Q: What is a “public” bank?

A: A public bank is a bank capitalized with the public funds of any legally qualified governmental jurisdiction (i.e.: a state, city, county or other municipality), or combination of jurisdictions; and its only “shareholders” are the citizens of that jurisdiction(s).

Q: Public banks are also referred to as “partnership” banks. What does that mean?

A: A partnership bank is not in the business to compete with the local banking industry and offer retail banking services, such as checking and savings accounts. This can be stipulated in the enabling legislation. The public bank partners with the local banking industry and uses existing infrastructure to distribute affordable credit into the local economy, in the form of loans. As such, a public “partnership” bank typically has no branches, tellers, ATM’s, retail services or expensive advertising and marketing. All these saved costs fall to the “bottom line” and contribute to the profitability of the public bank.

Similarly, as will be discussed below, a public bank is specifically chartered to provide only prudent lending and banking services to the local banking industry. It offers no incentives, in the form of commissions or bonuses, for the kind of risk taking that collapsed Wall Street. Its salaries are sized to the local banking industry and its employees are often civil servants – no mega salaries. These saved costs also contribute to the profitability of a public bank.

Step Two: Prioritize

Reviewing the progress of public bank initiatives across the nation, eight key areas have emerged in which agreement must be reached by planners for progress to be made and to secure the support of key stakeholders in the community:

mission, capitalization, deposit base, governance, management, risk management, accountability and transparency.

Mission

As with any business or great undertaking, defining the mission of the enterprise is key to all that follows. What will be the mission of the public bank in your community? To shape that discussion, there are two critical understandings that must be shared by all involved in the planning process.

One: A public bank is, first and foremost, a bank. It is not a grant making machine designed to allocate tax revenues to constituencies within the government jurisdiction(s) that forms the bank. Once capitalized, a public bank must be able to sustain itself into perpetuity with no appropriation of tax dollars.

Two: The mission of public banks, as it has emerged in discussions nationwide, is both general and specific; and while the general mission will be broad and constant, the specific mission may vary from time to time and place to place, responding to the needs of the general public which owns the bank.

Generally, a public bank must be designed to support economic development, commerce and job creation, lower public debt, generate non-tax revenue and support the local financial industry.

Generally, public banks assist local banks, credit unions and savings and loans to make larger loans than they might otherwise be able, and to and “buy down” the interest rates these financial institutions can normally offer, assisting more borrowers to qualify.

But it is also possible for public banks to target specific needs which support locally directed economic development and job creation, or to support local governments directly to lower debt service, create jobs and strengthen municipal finance.

Following is a sampler of mission goals now under discussion in city councils, mayors' and governors' offices, legislative chambers, community bank board rooms, civic and taxpayer organizations, unions and other stakeholder groups across the nation.

- Assign annual bank profits to school districts, in place of taxes
- Assign annual profits to support public pensions, in place of taxes
- Focus the initial bank mission on “buying” municipal debt, to refinance at lower annual cost pre-existing bond debt, thus driving down debt service; while building out more slowly the other lending activities
- Work with local banks to provide mortgage financing for the acquisition and rehabilitation by community residents of vacant properties that blight their neighborhoods, and include in that rehabilitation the installation of solar energy
- Provide low cost loans to municipalities, school districts and authorities to take the place of more expensive bond issues, for construction of schools, water treatment facilities and transportation infrastructure.
- Offer refinancing of student debt at longer terms and lower monthly payments
- Target lending to small business, new technology or sustainable energy
- Provide low cost loans for disaster relief or other budgetary emergencies (Like the recent visit of Pope Francis to Philadelphia, the bills for which will be substantial). This “line of credit” can take the place of “set asides” which tie up on average 10 percent of annual municipal budgets, earn little and subtract from other budgetary needs.

Capitalization

Banks need capital, money both to start up and operate, and as important, to provide against losses. What are the possible sources?

- A bond issue. The Bank of North Dakota was capitalized with a bond issue. The bond was “self liquidating,” that is, paid off from bank profits with no need of tax revenue. However, in the current political climate, many taxpayers and lawmakers may be averse to this form of capitalization.
- Pension funds. Many states and municipalities hold millions or billions of dollars of pension funds. Many are invested for small returns and subject to the extraction of high fees by fund managers. Some portion of these funds can be used to capitalize a public bank; a matter of diversifying the funds’ investments into a long term, equity position in the bank, for better and more dependable returns, and no high fees.

- Other state or municipal financial assets. Many states and municipalities are always “broke” at budget time. But looking behind the annual budget to the Consolidated Annual Financial Report (CAFR) reveals millions, or in some cases billions (depending on the size of the government) of liquid assets tied up in investments or various agency funds that “roll over” from year to year, underutilized. And in the case of government investments, as with pension funds, little if any of these funds are invested locally.

Deposit Base

Banks need deposits as well as capital. Deposits support lending. As a partnership bank, the public bank does not solicit savings or checking account deposits in competition with local banks, credit unions or savings and loans. Although in some states, such as North Dakota, state law may require the bank to accept retail deposits. But they are not solicited and, as there is only one office in the state capital, only a few individual depositors find this convenient.

The most available source of deposits is those of the chartering state or municipality. By law in North Dakota, all revenue (taxes, fees, permits, etc) are deposited in the state’s public bank. Municipalities can do the same, and to great advantage.

Los Angeles City Council has calculated that the city pays more in fees to the Wall Street banks which hold its deposits than it spends annually on road repair and paving. Many municipalities nationwide have experienced the high cost of banking on Wall Street. Because the public bank does not require the profits of a private, commercial bank, it can charge far less for the same services.

Public deposits in the public bank may also be far more secure. The threat of confiscation of deposits in the next Wall Street collapse is real. It is called a “bail in,” as occurred in Cyprus in 2011. That was a back door bail-out, to get around voter opposition to direct bail outs, take politicians off the hook and blame the confiscation on international banking regulations (which the G-20 nations have already adopted!)

Likely, large cities will not be able to overnight install the software and systems and train the people to manage these large deposits. Philadelphia, for example, has an average daily deposit at Wells Fargo of about \$400 million. But these deposits can be gradually brought into the bank.

But there is another and important source of deposits. Most, if not all states will require a municipal public bank to collateralize (set aside funds to guarantee) municipal deposits, which will tie up a portion of the public bank's capital and reserve. It may be advisable for a municipal public bank to accept deposits from a handful of major, non-governmental depositors, such as universities, foundations, unions or other non municipal sources, which do not need to be collateralized.

But as with investments to capitalize the bank, municipal deposits in a municipal public bank stay home, and are put to work on Main Street, not Wall Street.

Governance and Management

These two concerns are closely related. Governance is key. While a public bank must be established by elected officers of the government, few Americans would be willing to allow political authority to have any say in the bank's management, hiring or lending decisions.

And yet, the political authority, accountable to the voters, must be able to decide mission or remove a bank officer for cause (failure to achieve mission, poor management or actual misfeasance or malfeasance).

The approach adopted in North Dakota, which has worked with great success, is to make elected officers the final authority accountable to voters and taxpayers: in this case, the governor, attorney general and agriculture secretary – agriculture has historically been a driver of the North Dakota economy.

But corporate authority is vested in an independent board of directors; appointed to staggered terms by agreement among the elected political authority. These directors then set policy and select and supervise the CEO and management who staff and run the bank on a day to day basis.

How might this work in a major U.S. city? One viable structure is that a mayor might nominate and city council confirms a board of directors, all with qualified banking and finance experience, which in turn hires the CEO who staffs the bank, and the directors supervise all corporate operations.

In this model, city council would have authority to establish mission goals and objectives, but the mayor would have authority to remove a CEO for cause, with a concurring vote of council.

In several municipalities now considering how to form a public bank, another level of governance has been suggested: a broadly based, "Citizen Advisory Committee," to advise the bank's directors and the political authority on issues ranging from mission to Human Resource (HR) policies.

But in all cases, the political authority is removed from staffing and lending decisions. With regard to lending, this is in part achieved by the partnership model. A borrower must first secure approval of a loan by the originating local financial institution, based on its established underwriting standards, before the public bank can be approached for its participation. Then, the public bank must also approve the loan based on similarly prudent standards. The process is customer to banker to banker, and in confidence, so that there is little room for political authority to impact on decisions.

Risk Management, Accountability and Transparency

These three areas of concern are closely linked and are metrics by which public banks will far outperform the private banking industry, and most especially the Wall Street banks on which many states and municipalities depend for municipal banking services.

Because of the partnership model, in which loans are initiated by local banks according to their underwriting standards, and must then be subjected to a second review and measured against the public bank's standards, the possibility of default is greatly reduced. The BND has a remarkably lower default ratio than the industry standard.

The Wall Street Journal (WSJ) has reported that the BND regularly out-performs Wall Street by the measures that most concern the WSJ: profitability, return on asset (ROA) and return on equity (ROE). On the last, the BND has for years posted a consistent 17% to 25% ROE, a compelling reason why it is prudent to suggest that pension funds are well advised to place some portion of their investments in an equity position in a public bank.

With respect to accountability, at the end of the day, elected officials representing voters and taxpayers (who own the bank) must be held accountable for the bank's performance or lack of performance, measured against all metrics: including profitability, mission achievement and ethical standards. Compare that to many private banks, where shareholders have little authority over the performance of management. And as we have learned at great cost, the bigger the bank, the less the accountability.

It is the same with transparency. A public bank will be regulated by the corresponding regulators of the state which formed the bank or granted a charter to a municipal public bank. These state regulators will be looking at a bank, and not a bank holding company with thousands of subsidiaries and incredibly complex and opaque corporate interactions.

But more, as a public entity, the public bank will also be publicly audited, most often by the Controller of the chartering political jurisdiction; typically an elected official accountable to the public and independent of the political authority that is responsible for the bank's performance.

As stated at the outset, this Working Paper is meant to help guide those now taking up the task of moving forward to establish a public bank in their community. This Working Paper draws on the lessons learned by the Public Banking Institute, the Pennsylvania Project and other public banking affiliates nationwide over the past five years. It must be understood that, once the decision is made to go forward, another set of challenges must be met; including a business plan that can withstand the scrutiny of state and/or federal regulators.

In this regard, a state public bank will move forward more easily, as a state is a sovereign entity, and can establish a public bank under its own authority, independent of federal regulators. But a municipal bank, which must seek a state charter, may need to satisfy concerns of the Federal Deposit Insurance Corporation (FDIC), and both state and municipal public banks may, by election or necessity, need to satisfy regulations of the Federal Reserve or the Office of Comptroller of the Currency (OCC).

The Pennsylvania Project, PBI and its other affiliates have explored these issues and are able to provide their expertise to planners going forward with either a state or municipal public bank.

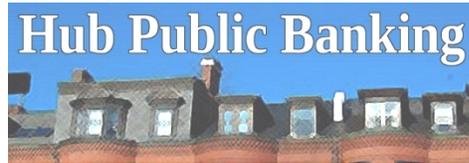
About the Authors

Jeffrey D. Beck was President and Director of Advanta Bank Corp. (Salt Lake City, Utah), Sr. VP, Treasurer and Director, Advanta National Bank (Wilmington, DE), VP Asset and Liability Management, Fidelity Bank (Philadelphia, PA), and Asst. VP Corporate Development, Wilmington Trust Co. (Wilmington, DE). Member, Advisory Board, the Pennsylvania Project.

Dr. Emma C. Chappell was the founder, Chairman of the Board, President, and Chief Executive Officer (CEO) of United Bank (Philadelphia, PA), a minority owned and controlled full service commercial bank. Previously she served as VP for Community Business Loan and Development of Continental Bank (Philadelphia, PA) and Associate Treasurer for the city of Washington, DC. Member, Advisory Board, the Pennsylvania Project.

Mike Krauss is a thirty year senior executive in the international logistics and distribution industry and was previously an officer of Pennsylvania county and state government, and Executive Director of the PA Republican State Committee. He is a founder of the Public Banking Institute and is chair of the Pennsylvania Project.

www.publicbankingpa.org



Public Banking to Grow Our Common Wealth

Benefits
For Cities and Municipalities
Of a Public Bank

Key Questions and Answers for
Elected Officials and Policy Makers
Treasury Staff, Bankers,
Taxpayers and Voters

www.publicbankingpa.org
www.HubPublicBanking.org

*From Boston and Philadelphia
January 2015*

Greetings:

The American people in cities and communities throughout our nation need a strong local banking industry, free of the destructive practices of Wall Street. Local Banks distribute the sustainable and affordable credit our local economies need. Local banks working in partnership with public banks are able to lend additional funds and, in contrast to Wall Street, their profits do not depend on reckless risk taking. The result: a more democratic and prosperous local economy in which the benefits are shared by all.

And it is within reach.

Across the nation, in more than twenty states and a growing list of municipalities, support is growing for the creation of public, “partnership” banks, based, in part, on the model of the hugely effective Bank of North Dakota.

From the capitols of New England, to New York and Pennsylvania, to Texas, Arizona and New Mexico, to Colorado, Oregon, Washington State and California – treasurers, state lawmakers and others are advancing public banking.

In cities large and small – Boston, Philadelphia, Allentown, Pittsburgh, New Brunswick, Chattanooga, Houston, Chicago, Santa Fe, Seattle, San Francisco and Los Angeles – mayors, council members, candidates and community leaders are stepping up to free their communities from the ruinous banking of the Too-Big-To-Fail banks –that failed and will in all likelihood fail once again.

Public banks partner with our existing community banks, credit unions, financial institutions and development agencies to provide affordable and sustainable credit for locally-directed economic development and jobs creation. The partnership supports sound municipal finance, lowers public debt, contributes substantial non-tax revenue to the general funds of our local governments and creates solid economic opportunity.

We invite you to learn about Public “Partnership” Banking and join the campaign to create the urgently needed alternative to a dangerously concentrated and failed banking industry.

Sincerely,

Mike

*Mike Krauss
Chairman, the Pennsylvania Project*

Steve & Nancy

*Steve Snyder & Nancy Goldner
Co-Chairs, Hub Public Banking*

Benefits for Cities and Municipalities of a Public Bank

How Does a Public Bank Generate Non-tax Municipal Revenue?

A public bank makes a sizeable profit through its partnership lending for economic development. Because public banks partner with community banks in making loans that extend credit into their communities and do not compete as retail banks, public banks need no branches, tellers, ATMs or broad and expensive marketing. Public banks are chartered to serve the public not exploit it. Hence, there are no mega salaries, bonuses or commissions to provide incentives for imprudent risk taking. The business model of public banks, so very different from Wall Street “banking,” means that its profits are returned annually to the municipal general fund and reinvested in growing the partnership loan portfolio.ⁱ This helps balance the operating budget without raising taxes, cutting vital programs, taking on more debt, asking for givebacks from employees or raiding pension funds.

What Role Do Public Banks Play in Sound Municipal Economic and Fiscal Policy?

Not only do public banks return profits to the municipality as non-tax revenue, but by providing reliable and affordable credit, they facilitate economic development, create jobs, and grow the tax base. Further, as explained below, public banks can reduce public debt and the debt service costs loaded onto annual municipal budgets. A public bank allows a municipality to direct local lending, offer below market-rate loans,ⁱⁱ and leverage other capital for specific public purposes such as affordable housing, neighborhood development, infrastructure, small business development, education, and job creation. Dedicated loan funds can be set up in the bank’s charter and it can modify its loan portfolio priorities from year to year with input from board members, local government and the public.ⁱⁱⁱ Credit becomes local and supports longer-term investments. Partner banks facilitate hiring local contractors rather than large out of state companies often favored by directors of major, private banks.^{iv} This “virtuous circle” increases local prosperity and the local tax base.^v

How Does a Public Bank Reduce Public Debt and Debt Service Costs?

A public bank finances capital projects and bond issues at lower interest rates than the traditional bond market.^{vi} It can also refinance current public debt, lowering debt service costs without the use of swaps and deceptive public/private partnership agreements that give away public assets to private companies with no accountability.^{vii} It is also a stable buyer of municipal bonds as investments. Paying non-escalating, fee-free payments without the need to provide additional profits for commercial bank shareholders can mean cost savings of 35% to 50%^{viii} for municipal projects. And whatever interest the public bank collects is retained and returned, in part, in profits deposited in the municipal general fund, rather than extracted and exported from the community.

How Do Public Banks Maintain Local Prosperity in Economic Downturns?

Research on public banks worldwide, whether municipal, regional, or state, shows that they function counter-cyclically, increasing credit flows and support for local businesses, especially small- and medium-sized businesses, in times of economic downturn. This stems business losses and failures and maintains robust local employment. In contrast, the last economic downturn saw the largest banks severely cut their loans to local businesses.^{ix}

Can Public Banks Reduce Municipal Banking Costs and Maximize Returns on Deposits?

Many municipalities across the United States deposit receipts and fees with large banks that are seen as providing security with collateral, something smaller community banks cannot do. These deposits often earn negligible interest, sometimes .49% interest or less,^x With a public bank, a municipality can deposit its funds in its own bank and obtain far greater yields; in part by making loans, but also owing to the low overhead business model of public banks. The profit margin can support increased interest on some government accounts^{xi} or on special savings accounts, such as those for seniors or pension-related accounts. Deposits in a municipal public bank are managed with direct accountability, flexibility, and full public transparency.

How Do Public Banks Eliminate Non-Productive Rainy Day Funds?

Whereas commercial banks hold rainy-day funds but pay little or no interest, a public bank pays higher interest. Further, a public bank can eliminate the need for a set aside by extending an affordable, “internal” line of credit in the event of a budget shortfall or emergency. This can be in the form of an interest-free loan or very low-cost Fed funds. Rather than sitting as cash, the money in a rainy day fund can go to work. Because the public bank makes loans for disaster preparedness and for quick relief in cases of floods or climate-related disasters, the local tax base is preserved.^{xii} Hence annual budgets can be balanced without raising expensive, high-interest capital on the open market.^{xiii}

In What Ways Do Public Banks Strengthen the Local Banking Industry?

Because a municipal public bank makes loans in partnership with community banks, credit unions, and financial institutions, the local finance industry is strengthened. This partnership enables local lenders to increase loan amounts^{xiv} without modifying existing underwriting standards, thus broadening their market. Public banks often buy down interest rates or guarantee loans thereby helping more borrowers to qualify. As the “front office,” local banks and credit unions perform due diligence on each loan and keep all loan origination and service fees. Public banks also increase community bank capital by buying their loans on the secondary market and purchasing community bank stock^{xv} In contrast to commercial banks that purchase loans and mortgages on the secondary market, a public bank never cross sells retail banking services or tries to lure community bank customers away. The financial health of its partner or “lead” banks is paramount for a public bank.^{xvi}

Is a Public Bank More Secure Than Banking With Wall Street?

A public bank provides a safe and secure vehicle for the deposit and investment of funds from the general budget, agency budgets, and sometimes municipal pension funds.^{xvii} Many city or state CAFRs (Consolidated Annual Financial Reports) reveal investments in far riskier vehicles such as hedge or equity funds.^{xviii} Because the Global-Systemically Important Financial Institutions (G-SIFIs) that hold many of the sizeable municipal deposits also invest heavily in derivatives, municipal treasurers have cause to be concerned about the possible confiscation, or “bail in” of their deposits in the event of another Wall Street crash. Legally, derivatives have “super-priority” in the case of bankruptcy and the FDIC (where applicable) only has enough to pay pennies on the dollar.^{xix} The next mega bank failure could exhaust the FDIC^{xx}.

FOR MORE FAQ GO TO:

www.publicbankingpa.org

Click on Resources / Downloads / FAQ

Or Follow This Link

<http://www.publicbankingpa.org/images/rocketlauncher/PDF/PA%20Project%20FAQ%20Complete.pdf>

AND GO TO:

www.HubPublicBanking.org

Endnotes:

ⁱThe public Bank of North Dakota (BND), our nation's oldest public bank, earned \$94 million last year in profits for North Dakota's 670,000 residents. BND deposits roughly half its profits into the State's general budget and uses the other half to increase its capitalization in order to make more loans. In the past decade, BND has returned over \$300M to the general fund. In addition to lending based on a formula that includes both its public deposits and its capitalization, BND also has access to low-cost Federal Home Loan Bank capital. BND is not required to contribute to FDIC insurance because it is not a retail bank and it is backed instead by the full faith and credit of the State of North Dakota. This and its partnership arrangements with local banks lower its operating costs considerably. BND has averaged more than 25% return on equity over the past 16 years. Since 2008, BND's annual return on investment has been between 17 and 26%. Financials are at:

http://banknd.nd.gov/financials_and_compliance/annual_reports.html. Founded in 1919, BND is a mature public bank. It is estimated that the startup phase of a new public bank during which time it attains profitability is from two to three years; less than the three to five year range for commercial *de novo* banks. This is because of the regularity of its deposits and outflows combined with its unique partnership business model.

ⁱⁱThough most of the loans made by BND are "average market-rate," it cooperates with State agencies such as the state economic development agency with which it shares its headquarters, to allow it to make below market-rate interest loans. On job creating business or agricultural loans, the BND uses the PACE fund to buy down interest rates by from 1% to 5%. Loans for qualifying entrepreneurs are offered at a 1% interest rate. See <http://ilsr.org/rule/bank-of-north-dakota-2/>, p. 3.

ⁱⁱⁱA process like the participatory budgeting already used in cities such as New York and Chicago, can allow for public input as to the relative loan portfolio priority of areas and needs to be invested in without designating specific investments, something done by professional bankers and lending officers.

^{iv}Because quarterly profits for stockholders are not paramount, the public bank and community bank working in partnership can invest for the longer term. Some profits, such as that from a highway

improvement that brings in new business may not be measureable in quarterly increments. Because local banks in North Dakota are supported by a public bank, they are able to make a greater proportion of small business loans than banks in other states. Ellen Brown writes:

Over the last ten years, the amount of lending per capita by small community banks (those under \$1 billion in assets) in North Dakota has averaged about \$12,000, compared to \$9,000 in South Dakota and \$3,000 nationally. The gap is even greater for small business lending. North Dakota community banks averaged 49 percent more lending for small businesses over the last decade than those in South Dakota and 434 percent more than the national average. In other states, increased regulatory compliance costs are putting small banks out of business. [The number of small banks in the US has shrunk](#) by 9.5% just since the Dodd-Frank Act was passed in 2010, and their share of US banking assets has shrunk by 18.6%. But that is not the case in North Dakota, which has 35 percent more banks per capita than its nearest neighbor South Dakota, and four times as many as the national average. The resilience of North Dakota's local banks is largely due to their amicable partnership with the innovative state-owned Bank of North Dakota. See: "*Why Do Banks Want Our Deposits? Hint: It's Not to Make Loans*", Oct. 26, 2014 at: <http://www.globalresearch.ca/why-do-banks-want-our-deposits-hint-its-not-to-make-loans/5410125.d>

^YIn 2010, the Center for State Innovation, published a study analyzing the effects of moving Massachusetts State Funds from large banks (assets greater than 100B) to medium banks (assets 1-10B) and small banks (assets less than 1B). This complex study included bank limits to absorb deposits and the willingness of different sized banks to lend. Tellingly, the study found that for each 10M moved, small banks created between 4.50 and 7.23 jobs and medium banks created between 4.67 and 5.75 jobs. This was simply the result of moving deposits. With a partnership public bank, the entire lending system is refocused to create local jobs with likely far more jobs created. Community banks tend to make loans to local businesses that create the bulk of new jobs. By contrast, large banks tend to rely on computerized FICO models that eliminate most businesses requiring less profitable loans of below \$5 million. Apparently these banks have not only exclude "relationship" criteria, but they are eliminating loan officers. See: "Why Getting Rid of Loan Officers Hurt Banks and the Economy," Yves Smith, Naked Capitalism Blog, December, 30, 2014.

^{vi}An established public bank such as BND, can also borrow at the Federal Reserve's discount window and lend directly to local governments at lower rates than the municipal bond market provides. See <http://ilsr.org/rule/bank-of-north-dakota-2/>, p. 3.

^{vii}Darwin Bondgraham, "Highway Robbery; How 'public-private partnerships' extract private profit," Dollars and Sense, November/December 2012 at <http://www.dollarsandsense.org/archives/2012/1112bondgraham.html>
See also: Ellen Dannin, "Innovations or Hucksterism?: Three Little-Known Infrastructure Privatization Problems," Truthout News Analysis, December 22, 2014 at <http://truth-out.org/news/item/28142-innovations-or-hucksterism-three-little-known-infrastructure-privatization-problems>
And Drew Reed, "US cities could turn to "community mini bonds" to fund infrastructure projects" at <http://www.citymetric.com/politics/us-cities-turn-could-turn-community-mini-bonds-fund-infrastructure-projects-341>

^{viii}See: Ellen Brown, Infrastructure Sticker Shock: Financing Costs More Than Construction, The Web of Debt Blog at <http://ellenbrown.com/2014/06/01/infrastructure-sticker-shock-financing-costs-more-than-construction/>

^{ix}BND only cut its lending to small businesses by 30% to 45% during the last economic downturn. By contrast, Bank of America cut its small business lending in Massachusetts by 98%. Most of the studies of counter cyclical lending to local businesses by public banks are of foreign banks. Studies have been done of both Latin American public banks (such as Chile's Banco Estado that has a counter-cyclical strategy for business lending) and European public banks (such as Germany's network of local, cooperative banks and regional public banks). Most studies seem to be of larger national, regional, and state public banks, but a similar counter-cyclical benefit could also be had by a municipal, public bank. Direct investment in public assets such as education, healthcare, land acquisition, renewable energy, green infrastructure (water/wastewater etc.), and transportation can function counter-cyclically and generate additional revenue.

^xFor example in 2013, Bank of America paid Boston .49% on over \$2 billion of deposits.

^{xi}There is a higher return for deposits in a public bank compared to those in a private megabank. In 2009-2010, the State of Washington earned \$2.53 per dollar while North Dakota earned \$5.28 per dollar deposited including the profit dividend. See: "What Our State Legislators Need to Know," at <http://www.shareable.net/blog/the-joy-of-public-banking-what-our-state-legislators-need-to-know/>

^{xii}BND loans meant that Grand Forks rebuilt speedily and preserved its tax base with less than a 3% loss. In contrast, Minnesota's East Grand forks across the river did not have a public bank to support rebuilding and it lost 17% of its tax base. For the role of a public bank in disaster relief see: Jim Morrow and Ira Dember, "Hurricane Sandy and the Red River Flood, How the Public Bank of North Dakota Saved Grand Forks," Sky Valley Chronicle, November 3, 2012, at <http://www.skyvalleychronicle.com/BREAKING-NEWS/HURRICANE-SANDY-THE-GREAT-RED-RIVER-FLOOD-BR-I-How-the-Public-Bank-of-North-Dakota-saved-Grand-Forks-I-1165139>.

^{xiii}One year, the Bank of North Dakota bailed out the State government when its budget experienced a shortfall. Finance arrangements with its public bank could make rainy day funds such as Boston's \$130 million "free cash" fund unnecessary. Instead such funds may be used to capitalize a public bank, which working in partnership with its many community banks, could generate a steady profit after three years of operation.

^{xiv}Public banks use a range of strategies to provide additional capital for community bank loans, sometimes as secondary partner through legal contracts and often by providing letters of credit that enable the community bank to accept public deposits without providing collateral.

^{xv}BND also has a fund for low interest loans to enable local citizens to buy the stock of their community banks. This helps keep local banks independent in their communities and promotes customer loyalty.

^{xvi}It is instructive to compare the financial statements of community banks in North Dakota with similarly capitalized and sized community banks in Massachusetts. Those that work in partnership with the State public bank appear much more profitable. See <https://www2.fdic.gov/idasp/main.asp> and <http://www.bankingencyclopedia.com>. The Massachusetts Bankers Association is funded by major

international banks who tell community banks that a public bank would be competition despite its nature as a non-depository institution. Through research, Hub Public Banking hopes to highlight the opposite. We hope to document instances where the same major banks that lobby against public banks, take over the loan servicing, the lion's share of fees, and eventually the clients of the smaller community banks with which they partner. They often obtain information about local banks and buy them out. For more on the benefits of a public bank partnership for community banks see "Benefits for Community Banks of a Public Bank Partnership," soon available at www.HubPublicBanking.org.

^{xvii}Public banks do not necessarily invest a municipality's pension funds. However, proposals to do so are being considered in order to preserve principal, gain consistent returns, and minimize taxes. Some cities are exploring using pension funds to launch public banks that then invest operating profits to both buy back municipal bonds and fund their pensions.

^{xviii}***Private Equity at Work; When Wall St. Manages Main St***, a May 2014 book by Eileen Appelbaum and Rosemary Batt examines equity funds to find that the returns of only 25% have beaten a stock market index fund each year since 2005. The problem is that different funds exceed that benchmark in each year. The book is a balanced expose of hedge and equity funds revealing that they work for only 2% of the companies that the funds buy, generally small businesses that are helped to scale up and for whom bank capital is not available. Most other companies are looted within three to five years and about half end up bankrupt. Both the profit figures and the jobs created statistics are detailed as to the ways in which the equity companies manipulate them. Though CALPERS, the California Pension System, recently exited such investments, they are involved in other sorts of direct equity investments. See also: KKR's Botched Document Cover-Up Reveals Washington Public Pension Fund Cronyism, Naked Capitalism Blog, January 23, 2015, Yves Smith at: <http://www.nakedcapitalism.com/2015/01/kkrs-botched-document-cover-reveals-washington-public-pension-fund-cronyism.html>

^{xix}For a dramatic presentation of the safety of public deposits in the age of derivatives, see the YouTube presentation: <https://www.youtube.com/watch?v=jPsOopzp7e4>. See also these articles: "Winner Takes All: The Super Priority Status of Derivatives," Ellen Brown, Web of Debt Blog, April 10, 2013; "The Armageddon Looting Machine: The Looming Mass Destruction From Derivatives", Ellen Brown, Web of Debt Blog, September 18, 2013; and "The SEC Finally Takes an Interest in Collateralized Loan Obligations", Yves Smith, Naked Capitalism Blog, March 25, 2014; and this study: *Derivatives: Innovation in the Era of Financial Regulation*, Wallace C. Turbeville, Financial Pipeline Series, Americans for Financial Reform, Washington, DC, June 13, 2013 and Americans for Financial Reform reporting on Derivatives bills before the US Congress.

^{xx}In the event of another bank failure, municipalities that thought they had a claim on the bank's collateral may find themselves interminably standing in line in bankruptcy court fighting for pennies on the dollar. The math makes this clear. The Office of the Comptroller of the Currency reports \$25 billion in FDIC insurance funds. There are \$9,283 billion in total US deposits. Add to this equation a figure that dwarfs both; namely, \$297,514 billion (nearly \$300 trillion) which is the derivative exposure of the 25 largest banks.



- Q: What precedent is there for public banking in the US?
- Q: What is the difference between a public bank and any other bank?
- Q: Who would benefit from a public bank?
- Q: What are the problems public banks are trying to solve?
- Q: Won't greedy politicians just use a public bank to fund pet projects and line their pockets?
- Q: Will a public bank compete with local banks in my area?
- Q: Why are some banks opposed to public banking?
- Q: How could a publicly owned bank help an economically struggling state?
- Q: Can't cities and states just deposit their funds into a credit union? Wouldn't that amount to the same thing?
- Q: Won't a public bank require a very large investment by a city/county/state?
- Who will set policy for public banks? Who decides whether to approve loans? How are decisionmakers insulated from bribes and financial or political pressure?

FAQ

Here are the most frequently asked questions we get at the Public Banking Institute:

Q: WHAT PRECEDENT IS THERE FOR PUBLIC BANKING IN THE US?

A: Public banking was the Founding Fathers' ideal. Many of them and some of the most famous US Presidents of the 19th century struggled against private central reserve banks for over one hundred years. See the New Economy Academy for more information.

At the US state level, the Bank of North Dakota provides an excellent example of the power of public banking, as it has since 1919.

Since 2010, in an attempt to regain control over regional economies in the face of a Wall Street crisis in which the banks that caused the crisis got bailed out but cities and states suffered terribly but did not get bailed out, almost half of the US states have had legislation introduced to create public banks.

Q: WHAT IS THE DIFFERENCE BETWEEN A PUBLIC BANK AND ANY OTHER BANK?

A: A public bank is owned by the city, county, or state that founded it. That means that the money it makes by making loans comes back to the taxpayers, rather than to private banks and investors. A public bank has many of the same privileges as the private banks, for example it can use the fractional reserve system to multiply the value of its deposits through loans to students, homeowners, municipalities, and enterprises.

Q: WHO WOULD BENEFIT FROM A PUBLIC BANK?

A: **Taxpayers**, who will benefit from both the profits the bank makes and the services the bank offers.

Students, who can access low interest education loans from the bank. Since Vermont would control it, we could also offer flexible repayment terms for

people who go into public service and education, so our young people are not saddled with unreasonable debt.

Homeowners, who could get reasonable mortgages and home loans from the bank.

Entrepreneurs will have access to credit lines, loans, and other forms of finance to help their businesses succeed.

Municipalities: the bank can offer competitive interest on public deposits and lower cost financing for public works.

Q: WHAT ARE THE PROBLEMS PUBLIC BANKS ARE TRYING TO SOLVE?

A: In the case of nearly every state and town government, it is standard practice to send millions upon millions of dollars a year to banks and investors to pay the interest on bonds that have been issued for state infrastructure. If you add up the money the towns collectively send to banks and investors for the same purposes, it is a lot of money. In the case of California, its long awaited new Bay Bridge span was recently completed at a cost of \$6.4 billion - over 400% over its initial projection. What most Californians don't realize is that the total cost of the bridge will eclipse \$13 billion when interest payments are considered over their life. 50% savings is not an aberration - it is pretty much a standard calculation for what municipalities can save by issuing their own loans for critical infrastructure from their own bank.

Meanwhile it is also standard practice to cut programs that benefit low income citizens and students to close "budget gaps" that appear on a regular basis. There are also many unmet needs for roads, bridges, public transit, energy, housing, education, water, and telecommunications. If the interest payments on infrastructure, housing, economic development, and student loans were going to the public sector instead, we would have lower taxes and more funds available for needed improvements.

Q: WON'T GREEDY POLITICIANS JUST USE A PUBLIC BANK TO FUND PET PROJECTS AND LINE THEIR POCKETS?

A: The Bank of North Dakota shows that a public bank can and must be run free of influence from the legislature and other high offices, in order to effectively do its job.

Q: WILL A PUBLIC BANK COMPETE WITH LOCAL BANKS IN MY AREA?

A: A public bank does not compete with local banks. It does not accept deposits from individuals, organizations, and businesses – only from the state and municipal governments. For local and regional banks, a public bank can also serve as a support system, allowing them to make loans and take deposits that normally would be out of their reach because of their small size. As an example, North Dakota, home of the publicly owned Bank of North Dakota, boasts the most banks per capita of any state in the nation. This is just one of the benefits of public banking - support of a diverse and robust private banking sector that truly serves the public.

Q: WHY ARE SOME BANKS OPPOSED TO PUBLIC BANKING?

A: Banks that don't like the idea of a public bank typically are the large national and international banks that currently accept the deposits of state and municipal governments and invest them in out of state projects like – for example – the XL Pipeline and the tar sands up in Canada. Public banks offer municipalities and community banks enormous benefits and tend to have the effect of creating competition for the big banks - and they do not like competition.

Q: HOW COULD A PUBLICLY OWNED BANK HELP AN ECONOMICALLY STRUGGLING STATE?

A: Among other things, publicly owned banks offer counter-cyclical relief by (1) issuing badly needed credit at low, or no, cost to the state, thus providing a means of revitalizing infrastructure and other services that are now endangered (according to studies, interest paid to private banks represents 30 to 50% of the cost of most public projects); (2) supporting local and regional banks by participating with capital and expertise in loan programs that address local and regional needs; (3) providing support for residential and agricultural financing that acts as a bridge during times of economic contraction, as the Bank of North Dakota did during the Great Depression; and (4) saving the state hundreds of millions of dollars on fees associated with simply keeping general tax revenues and other substantial funds in the big banks.

Q: CAN'T CITIES AND STATES JUST DEPOSIT THEIR FUNDS INTO A CREDIT UNION? WOULDN'T THAT AMOUNT TO THE SAME THING?

A: Credit unions make regions economically strong, because the benefits and profits from the credit unions go to their members, rather than out of state investors. However, a public bank's profits go to the public – all of the residents and taxpayers of a city or state, not just the members of a single credit union.

More importantly, credit unions can only lend out what people deposit into their credit union. Credit unions cannot create money-credit through fractional reserve banking the way real banks (including public banks) can do.

Q: WON'T A PUBLIC BANK REQUIRE A VERY LARGE INVESTMENT BY A CITY/COUNTY/STATE?

A: No. Nearly all city, county, and state governments have the capital needed for a public bank on their balance sheets of existing lending agencies as unrestricted assets, or in a variety of other asset pools - including funds on deposit with big private banks. These funds are more than adequate to serve as the capital for a bank. It requires a decision by the legislature, but there should be no need to raise additional money from taxes to provide the capital for the bank.

WHO WILL SET POLICY FOR PUBLIC BANKS? WHO DECIDES WHETHER TO APPROVE LOANS? HOW ARE DECISIONMAKERS INSULATED FROM BRIBES AND FINANCIAL OR POLITICAL PRESSURE?

A: The governing legislators or lawmakers—whether at the state or municipal level—would make general policy decisions about public banks (and would likely have an advisory commission to consult), but day-to-day decisions would be made by the banks themselves—governed by their charters and subject to transparency and administrative review. The Bank of North Dakota shows that a public bank can and must be run free of influence from the legislature and other high offices, in order to effectively do its job.

The Bank of North Dakota is the [State of North Dakota doing business as the Bank of North Dakota](#). As *Banking on Colorado* points out, “A three-member State Industrial Commission oversees Bank of North Dakota, composed of the Governor, the Attorney General, and the Commissioner of Agriculture. The Bank has a seven-member Advisory Board appointed by the governor. The members must be knowledgeable in banking and finance. The Advisory Board reviews the Bank’s operations and makes

recommendations to the Industrial Commission relating to the Bank’s management, services, policies and procedures.”

There is every reason to believe public banks will be fiscally conservative, balancing their chartered mandate to lend in the public interest with moderation and careful considerations of risk--more so than big private banks who gamble with municipal money. Standard & Poor has consistently rated BND in the “A” range, indicating the highest levels of confidence in BND’s creditworthiness and practices. According to [North Dakota Attorney General Wayne Stenehjem](#), “The [2013] S&P review of the bank confirmed that it is well-managed and supports the economic needs of North Dakota . . . The report recognized BND for its conservative management strategy.”

Was this helpful?

Tweet



connect



get updates

Email address

JOIN

Like 6,308 people like this. [Sign Up](#) to see what your friends like.

Follow @PublicBanksNow

Sign in with [Facebook](#), [Twitter](#) or [email](#).

Created by [cStreet](#) with [NationBuilder](#)



Budget Report Group Summary

For Fiscal: 2015-2016 Period Ending: 04/30/2016

Account Typ...	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)	Percent Used
Fund: 101 - GENERAL							
Revenue	12,905,042.00	12,906,042.00	930,961.64	5,660,430.06	0.00	-7,245,611.94	43.86 %
Expense	14,061,109.00	14,233,002.51	979,598.12	6,187,962.67	302,156.65	7,742,883.19	45.60 %
Fund: 101 - GENERAL Surplus (Deficit):	-1,156,067.00	-1,326,960.51	-48,636.48	-527,532.61	-302,156.65	497,271.25	62.53 %
Fund: 201 - PARKS & RECREATION							
Revenue	1,224,600.00	1,224,600.00	55,928.46	701,927.47	0.00	-522,672.53	57.32 %
Expense	1,514,967.00	1,514,967.00	71,295.66	401,404.56	115,930.75	997,631.69	34.15 %
Fund: 201 - PARKS & RECREATION Surplus (Deficit):	-290,367.00	-290,367.00	-15,367.20	300,522.91	-115,930.75	474,959.16	-63.57 %
Fund: 202 - GRANT							
Revenue	0.00	0.00	0.00	1,000.00	0.00	1,000.00	0.00 %
Fund: 202 - GRANT Surplus (Deficit):	0.00	0.00	0.00	1,000.00	0.00	1,000.00	0.00 %
Fund: 204 - TRANSPORTATION SALES TAX							
Revenue	1,100,100.00	1,100,100.00	131,350.13	452,238.85	0.00	-647,861.15	41.11 %
Expense	645,250.00	1,852,929.57	47,935.81	109,402.25	26,451.09	1,717,076.23	7.33 %
Fund: 204 - TRANSPORTATION SALES TAX Surplus (Deficit):	454,850.00	-752,829.57	83,414.32	342,836.60	-26,451.09	1,069,215.08	-42.03 %
Fund: 205 - CAPITAL SALES TAX							
Revenue	986,700.00	986,700.00	108,908.62	377,906.26	0.00	-608,793.74	38.30 %
Expense	1,305,340.00	1,380,340.00	104,477.09	395,660.51	-89,205.39	1,073,884.88	22.20 %
Fund: 205 - CAPITAL SALES TAX Surplus (Deficit):	-318,640.00	-393,640.00	4,431.53	-17,754.25	89,205.39	465,091.14	-18.15 %
Fund: 207 - PUBLIC SAFETY SALES TAX							
Revenue	1,222,300.00	1,222,300.00	145,151.17	503,425.10	0.00	-718,874.90	41.19 %
Expense	1,497,064.00	1,573,272.36	81,664.42	549,378.96	131,566.54	892,326.86	43.28 %
Fund: 207 - PUBLIC SAFETY SALES TAX Surplus (Deficit):	-274,764.00	-350,972.36	63,486.75	-45,953.86	-131,566.54	173,451.96	50.58 %
Fund: 209 - RISK MANAGEMENT							
Revenue	52,250.00	52,250.00	17.32	24,138.82	0.00	-28,111.18	46.20 %
Expense	60,000.00	60,000.00	1,493.50	54,454.02	0.00	5,545.98	90.76 %
Fund: 209 - RISK MANAGEMENT Surplus (Deficit):	-7,750.00	-7,750.00	-1,476.18	-30,315.20	0.00	-22,565.20	391.16 %
Fund: 210 - TIF							
Revenue	2,912,000.00	2,912,000.00	32.86	1,114,946.47	0.00	-1,797,053.53	38.29 %
Expense	3,172,589.00	3,172,589.00	392.38	2,132,137.15	0.00	1,040,451.85	67.20 %
Fund: 210 - TIF Surplus (Deficit):	-260,589.00	-260,589.00	-359.52	-1,017,190.68	0.00	-756,601.68	390.34 %
Fund: 402 - CAPITAL IMPROVEMENT PROJECTS							
Revenue	1,258,450.00	1,258,450.00	9,196.72	56,130.38	0.00	-1,202,319.62	4.46 %

Budget Report

For Fiscal: 2015-2016 Period Ending: 04/30/2016

Account Typ...	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)	Percent Used
Expense	1,903,850.00	1,903,850.00	1,380.31	20,384.67	14,164.23	1,869,301.10	1.81 %
Fund: 402 - CAPITAL IMPROVEMENT PROJECTS Surplus (Deficit):	-645,400.00	-645,400.00	7,816.41	35,745.71	-14,164.23	666,981.48	-3.34 %
Fund: 501 - SANITARY SEWER							
Revenue	6,088,000.00	6,088,000.00	465,218.67	2,348,634.40	0.00	-3,739,365.60	38.58 %
Expense	6,767,879.00	6,767,879.00	117,516.07	2,093,456.45	1,718,406.36	2,956,016.19	56.32 %
Fund: 501 - SANITARY SEWER Surplus (Deficit):	-679,879.00	-679,879.00	347,702.60	255,177.95	-1,718,406.36	-783,349.41	215.22 %
Fund: 702 - POLICE PENSION PLAN							
Revenue	0.00	0.00	116,183.81	231,722.00	0.00	231,722.00	0.00 %
Expense	0.00	0.00	86,807.11	548,631.99	0.00	-548,631.99	0.00 %
Fund: 702 - POLICE PENSION PLAN Surplus (Deficit):	0.00	0.00	29,376.70	-316,909.99	0.00	-316,909.99	0.00 %
Fund: 705 - 350 HIGHWAY TDD							
Revenue	0.00	0.00	6,500.65	26,657.14	0.00	26,657.14	0.00 %
Expense	0.00	0.00	-1.93	20,159.82	0.00	-20,159.82	0.00 %
Fund: 705 - 350 HIGHWAY TDD Surplus (Deficit):	0.00	0.00	6,502.58	6,497.32	0.00	6,497.32	0.00 %
Report Surplus (Deficit):	-3,178,606.00	-4,708,387.44	476,891.51	-1,013,876.10	-2,219,470.23	1,475,041.11	68.67 %

Fund Summary

Fund	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)
101 - GENERAL	-1,156,067.00	-1,326,960.51	-48,636.48	-527,532.61	-302,156.65	497,271.25
201 - PARKS & RECREATION	-290,367.00	-290,367.00	-15,367.20	300,522.91	-115,930.75	474,959.16
202 - GRANT	0.00	0.00	0.00	1,000.00	0.00	1,000.00
204 - TRANSPORTATION SALES TAX	454,850.00	-752,829.57	83,414.32	342,836.60	-26,451.09	1,069,215.08
205 - CAPITAL SALES TAX	-318,640.00	-393,640.00	4,431.53	-17,754.25	89,205.39	465,091.14
207 - PUBLIC SAFETY SALES TAX	-274,764.00	-350,972.36	63,486.75	-45,953.86	-131,566.54	173,451.96
209 - RISK MANAGEMENT	-7,750.00	-7,750.00	-1,476.18	-30,315.20	0.00	-22,565.20
210 - TIF	-260,589.00	-260,589.00	-359.52	-1,017,190.68	0.00	-756,601.68
402 - CAPITAL IMPROVEMENT PRO	-645,400.00	-645,400.00	7,816.41	35,745.71	-14,164.23	666,981.48
501 - SANITARY SEWER	-679,879.00	-679,879.00	347,702.60	255,177.95	-1,718,406.36	-783,349.41
702 - POLICE PENSION PLAN	0.00	0.00	29,376.70	-316,909.99	0.00	-316,909.99
705 - 350 HIGHWAY TDD	0.00	0.00	6,502.58	6,497.32	0.00	6,497.32
Report Surplus (Deficit):	-3,178,606.00	-4,708,387.44	476,891.51	-1,013,876.10	-2,219,470.23	1,475,041.11