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# MEMORANDUM

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Date: January 4, 2017

To: The Honorable Mark Napier  
Pima County Sheriff

From: C.H. Huckelberry  
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Sheriff's Department Budget**

To assist you in budget review, I have attached a December 30, 2016 memorandum I requested from the Budget Manager. It contains a detailed analysis of the historical Sheriff's Department use of premium pay classifications as compared to budget.

A cursory review of the information indicates approximately 30 percent excess use of on-call pay when our payroll data shows that, of those individuals paid on-call pay, 30 percent did not receive any call-back pay. In essence, on-call pay was overpaid and call-back pay was underutilized.

A review of Attachment 2 of the memorandum shows a trend in the last two years of significantly under funding premium pay categories. This means the Department chose to balance their budget by artificially reducing these accounts and not others; promising to balance their budget by gaining better control over premium pay expenditures. Obviously, this strategy has not been properly executed. Please also note that the footnotes indicate these overruns do not include variable costs. If variable were to be added to the discussion, the over-expenditure would be proportionately and significantly higher than if these cost overruns occurred in other County departments or agencies. This is primarily because the County, for its regular workforce, has a retirement cost of 11.47 percent of salary but a 53.69 percent of salary retirement cost for employees in the Public Safety Retirement System. Based on recent court cases this difference is going to be even greater next year.

CHH/anc

Attachment

c: The Honorable Chair and Members, Pima County Board of Supervisors  
Tom Burke, Deputy County Administrator for Administration  
Keith Dommer, Director, Finance and Risk Management  
Robert Johnson, Budget Manager, Finance and Risk Management  
Ron Jee, Financial Administrator, Sheriff's Department

Date: December 30, 2016

To: C.H. Huckelberry  
County Administrator

From: Robert W. Johnson  
Budget Manager



Re: **On-Call Pay in the Sheriff's Department**

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This is in response to your memo dated December 5, 2016 regarding on-call Pay in the Sheriff's Department and Premium Pay Countywide. The memo will discuss Sheriff's on-call pay and overtime and these objects impacts on the Sheriff's budget. I will send a second separate memo that will discuss the various types of premium pay available to County departments.

Attachment 1 is a copy of Pima County Personnel Policy 8-102 – Premium Pay. This policy defines the various types of premium pay such as overtime, callback, on-call, holiday, shift differential and special assignment. It also specially defines eligibility, associated rates and proper usage of each type of premium pay. Note that this policy only discusses impacts on salaries. In addition to salaries, additional benefits are paid to employees receiving premium pay.

**Sheriff On-Call and Callback Pay**

On-call pay is paid to eligible employees designated by a departmental appointing authority to be on-call for a specific period-of-time and for a particular purpose. Designated on-call employees are paid at a rate of \$1.30 per on-call hour (See page 3 of Policy 8-102).

Callback pay is paid to eligible employees who have left a place of work and are either: 1) Called back to work before his/her next regularly scheduled work shift. Each employee receives a minimum of two hours pay if reporting back to the work site; or 2) A minimum of 15 minutes of pay for problem resolution by telephone (See pages 2 and 3 of Policy 8-102).

Payroll data for FY 2015/16 (the last full fiscal year of payroll and accounting activity) shows that 365 Sheriff's employees of varying job titles were paid for being on-call at various times during the fiscal year. The job titles with the largest numbers of on-call employees were those of Deputy Sheriff (214 employees) and Sergeants (64 employees). A total of 1,147,996 on-call hours were accrued and paid by the Sheriff's Department in FY 2015/16. These hours resulted in additional wages paid to on-call employees of \$1,492,394 <sup>1</sup> (excludes variable benefit cost which can range from 19.45 percent to 65.46 percent of wages dependent on job title <sup>2</sup>).

The total annual number of on-call hours per individual eligible Sheriff's employee in FY 2015/16 ranged from 0.5 hours to 6,351.22 hours. On-call hours averaged 3,145.19 hours per eligible employee. This results in an average annual cost of \$4,089 per employee (before benefits added).

According to the Sheriff's Department, most of the employees receiving on-call pay receive it on an ongoing, consistent basis based on the rules and eligibility requirements set forth in the premium pay personnel policy. Employees do not receive on-call pay while on vacation or sick or other leave. The amount awarded per paycheck may differ depending on the number of hours an employee was on duty or eligible for on-call pay. In some instances, employees may be on-call temporarily based on assignment or need.

This analysis will use callback pay, which is an element of both on-call pay and overtime on the County's accounting system, as the measure of when an employee was called back either to the work site or responded by telephone.

Of the 365 Sheriff employees paid on-call pay during FY 2015/16, Payroll data shows that 111 or 30 percent did not receive any callback pay. The remaining 254 employees worked 8,164.5 callback hours and received an additional \$259,179 in callback pay before adding in variable benefits costs. An average employee that received callback pay in FY 2015/16 worked 32.14 callback hours and received \$1,020 in callback special pay before adding variable benefits costs. Again, these amounts are accounted for in both the overtime and on-call accounting objects.

### **Comparisons of On-Call Pay and Overtime**

Attachment 2 presents expenditure histories of various special pay objects utilized by the Sheriff's Department from FY 2010/11 to FY 2016/17. Included in these histories are the adopted budget expenditures for a fiscal year, the actual expenditures during the year and the variance from budget to actual expenditures. For on-call pay, this history shows that the Sheriff's Department consistently budgeted approximately \$1,176,800 per year from FY 2010/11 through FY 2014/15. Actual on-call expenditures exceeded budget in three of those five fiscal years. In FY 2015/16, the department reduced its budget for on-call pay to \$657,636. Actual on-call pay expenditures for FY 2015/16 totaled \$1,539,666 and exceeded budget by \$882,030.

The Sheriff's Department budgeted \$752,819 for on-call costs in FY 2016/17. Year-to-Date actual expenditures through the end of November 2016 total \$678,328. The department is forecasting to spend a total of \$1,613,300 in on-call pay by fiscal year-end resulting in overspending of \$860,481. There is a disconnect between the amount budgeted for on-call pay and the actual cost of the various on-call pay programs.

Overtime expenditures are showing a similar pattern but to a greater degree. As seen also on Attachment 2, the Sheriff's Department consistently budgeted overtime expenditures at approximately \$1,575,000 from FY 2010/11 to FY 2014/15. Four out of these five years the department was consistently under budget. In year five, FY 2014/15, the department exceeded its budgeted overtime by \$203,705. In FY 2015/16, the department budgeted in a similar pattern to on-call pay by reducing the budget for overtime to \$786,861. However, the department's overtime costs totaled \$2,872,775 or \$2,085,914 over the budgeted amount.

Despite the emerging pattern of significantly growing overtime costs, the Sheriff's department increased FY 2016/17 budgeted overtime pay by only \$74,039 to \$860,900. Year-to-Date actual overtime costs through the end of November 2016 total \$1,655,135 and the department is already over budget in this object. The current year-end forecast for overtime by the Sheriff's Department shows the department spending \$2,400,000. Based on this forecast, the department will exceed its overtime budget by \$1,539,100 at year-end.

**Issues/Further Actions**

The projected budget overages in on-call pay and overtime represent \$2,399,581 of the Sheriff Department's projected \$5.6 million overage in General Fund Impact by the end of FY 2016/17. Again, there is a disconnect between what is included in these particular objects and programs in the budget and the amount that the department is actually spending. During the FY 2015/16 and FY 2016/17 budget processes, concerns about the budgets of such objects as on-call pay, overtime and other premium pay objects were discussed with the Sheriff's staff. The staff provided assurances that despite the amounts budgeted, they would be able to control costs in such a way as to come in on budget both in the individual objects and overall.

The Sheriff's Department's FY 2015/16 overall expenditures in the General Fund were basically on budget, However, the department is forecasted to exceed its FY 2016/17 budgeted expenditures by more than \$4.5 million by fiscal year-end. The department is also projected to experience a revenue shortfall of \$1.1 million by fiscal year-end. These forecasted amounts increase the department's Net General Fund Impact for FY 2016/17 by an unbudgeted \$5.6 million.

The analysis above shows that a significant portion of the overage will be experienced in the premium pay objects, primarily in on-call pay and overtime. These overages also impact benefits paid to employees receiving these premium pays.

There are other factors which are impacting the department's overall actual costs. These include:

-An increase in the average headcount by 30 during the first five months of the fiscal year. Average headcount grew from 1,442 in FY 2015/16 to 1,472 in FY 2016/17.

-The department continues to budget a large number of vacant positions and continues to offset those costs via vacancy savings. Budgeted Full-Time Equivalents (FTE) for the department total 1,525. Of this total 98 positions are budgeted at 50 percent of an FTE and 34 positions at 25 percent of an FTE. By budgeting for excess vacant positions, the department makes it more difficult to budget appropriately for other personnel costs.

-In order to receive the FY 2016/17 salary adjustment, the department agreed to absorb \$2 million of the cost of the increased salaries. Approximately \$1.2 million of these savings were to come from overall personnel cost savings with the remainder from other supplies and services objects. The department appears to be having difficulty in absorbing the personnel portion of these costs. The inability of the department to absorb these personnel costs will continue to be an issue in future years' budgets as well.

Finally, on December 20, 2016, the Budget Division received a set of proposals from the Sheriff Department's management staff, proposing various spending adjustments for the remainder of the fiscal year to bring the department back onto budget. Budget Division Staff is currently reviewing these proposals and we will report back to you shortly with an analysis and recommendations. We are also available to meet with Sheriff-Elect Napier and any of his staff to address these budget issues.

**Notes:**

1 – The amount in this paragraph is lower than the FY 2015/16 actual cost of \$1,539,666 shown in the County's accounting system and the spreadsheet in attachment 2. This difference includes the impact of callback pay and other related on-call costs.

2 – The primary differences in the variable rates are attributable to the County's worker compensation and retirement system costs. For example, retirement costs range from 11.47 percent of salaries for employees in the Arizona State Retirement System to 53.69 percent for employees in the Public Safety Retirement System.

Cc: Tom Burke, Deputy County Administrator for Administration  
Keith Dommer, Director, Finance and Risk Management  
Alynn Bulzomi, Director, Human Resources

# **ATTACHMENT 1**

A. Definitions

1. "Premium pay" means compensation in addition to an employee's normal pay and includes the following: overtime pay, compensatory time, callback pay, on-call pay, holiday pay, shift differential pay, special assignment pay, and multilingual compensation.
2. "Overtime" means time worked in excess of forty (40) hours per work week, unless a different definition is required by law.
3. "Compensatory time" means earned time recorded on an employee's pay record in lieu of overtime pay.
4. "Holiday benefit" means up to eight (8) hours paid compensation for time off in recognition of each County holiday. An employee on a leave of absence without pay and who is using Catastrophic Leave time is not eligible for the holiday benefit.
5. "Multilingual compensation" means additional pay given to an eligible employee for providing sign language or non-English language services.

B. Exclusions from Premium Pay

The following are not eligible for premium pay except that an Appointing Authority shall receive the holiday benefit as provided herein.

1. Elected Officials;
2. Appointing Authorities; and
3. Anyone who is not an employee on County payroll.

C. Overtime

1. An employee eligible for overtime shall be compensated for overtime hours worked by either one of the following methods, at the discretion of the Appointing Authority:
  - a. By payment at one and one-half (1½) times the employee's current hourly rate;
  - b. By compensatory time at a rate of one and one half (1½) hours off for each hour of overtime worked and not paid.

- C. 2. The following are not eligible for overtime:
- a. Elected Officials;
  - b. Members of the personal staff of Elected Officials;
  - c. Persons appointed by Elected Officials to serve on a policy-making Board or Commission;
  - d. Advisors to Elected Officials with respect to the constitutional or legal powers of their office;
  - e. Employees classified as Executive (E), Administrative (A), or Professional (P), under the Fair Labor Standards Act, except those (E, A, or P) employees designated as eligible for overtime under the County's classification system.
3. Employees shall work overtime only when authorized by the Appointing Authority or designee. Overtime shall be allocated as evenly as possible among all employees qualified to do the work. While preference may be given to those employees who wish to volunteer for the work, all employees are required to work overtime when requested to do so.
4. Compensatory time shall not accumulate in excess of one hundred twenty (120) hours. An employee eligible for overtime who has one hundred twenty (120) hours of accrued compensatory time is to be paid for future authorized overtime worked. If compensatory time is accrued, it cannot be converted back to pay except as provided in the termination policy or other directive from the Board of Supervisors. The Appointing Authority shall establish procedures for timely usage of compensatory time accrued.
5. An employee who changes from one employment type to another shall retain any accumulated compensatory time, except as noted below, and shall be eligible to use and/or accrue compensatory time in accordance with his/her current employment type. An employee who changes status from a non-exempt employee to an exempt employee or who transfers from one County department to another shall be paid for any accumulated compensatory time at the current hourly rate in effect at the time of the transfer or vacating of the non-exempt position. An employee who is in a detail assignment to an exempt classification at the time shall be paid for accumulated compensatory time at the hourly rate held prior to the detail assignment.

D. Callback Pay

An employee eligible for overtime compensation shall be eligible to receive callback pay. An eligible employee who has left a place of work and is called back to work before his/her next regularly scheduled work shift shall receive a

minimum of two (2) hours of pay if reporting back to the worksite or a minimum of fifteen (15) minutes of pay for problem resolution by telephone. Callback pay applies in emergency circumstances only. The callback period shall begin when the employee is notified to return to work. Intermittent employees, as defined in Merit System Rule 1, are not eligible to receive callback pay.

1. The employee must report as soon as possible to the worksite. The callback period ends when the employee completes the job assignment. If the employee's private car is used for transportation in a callback situation, mileage shall be paid at the approved rate. Callbacks shall be allocated as evenly as possible among all employees qualified to do the work. All employees are required to work if called back.
2. If the employee is able to resolve the problem by telephone and is not required to report to the worksite, he/she shall receive pay for the actual time spent in problem resolution, with fifteen (15) minutes as minimum pay for each telephone call received.

E. On-Call Pay

An employee eligible for overtime compensation shall be eligible to receive on-call pay. The eligible employee shall be designated by the Appointing Authority to be on call and available for immediate contact for a specific period of time and particular purpose. Being available for immediate contact does not constitute on call unless the employee has been designated on call as above. On-call pay shall be paid at the rate of one dollar and thirty cents (\$1.30) per hour of on-call duty. On-call pay may not be coincident with any other pay except for paid holidays. Location of the employee for on-call duty shall be at the employee's discretion, with the stipulation that immediate contact can be made and that the employee must be able to report fit for duty within one (1) hour, unless other conditions require a shorter period. On-call duty shall be allocated as evenly as possible among all employees qualified to do the work. All employees are required to be on call when requested. Intermittent employees, as defined in Merit System Rule 1, are not eligible to receive on-call pay.

F. Holidays

1. Pima County recognizes the following actual holidays:

(1)	January 1	New Year's Day
(2)	Third Monday in January	Martin Luther King, Jr. Day
(3)	Third Monday in February	Presidents' Day
(4)	Last Monday in May	Memorial Day
(5)	July 4	Independence Day
(6)	First Monday in September	Labor Day
(7)	November 11	Veterans' Day
(8)	Fourth Thursday in November	Thanksgiving Day
(9)	Friday after the Fourth Thursday in November	
(10)	December 25	Christmas Day

County offices shall be closed on each of the ten (10) actual holidays listed above. If actual holidays 1, 5, 7, or 10 fall on a Sunday, the holiday shall be designated as observed for pay purposes on the following Monday. If actual holidays 1, 5, 7, or 10 fall on a Saturday, the holiday shall be designated as observed for pay purposes on the preceding Friday.

2. If possible, employees eligible for the holiday benefit, including temporary employees, shall be given time off with pay for each recognized holiday, either on the day the holiday is observed or within the work week in which the holiday falls. Full-time employees shall receive no more than eight (8) hours of time off. Variable-time, part-time employees and employees on reduced schedule leave under ADA shall receive a prorated amount of time off based on their work schedule. For non-exempt employees, holiday benefit hours are paid based on their work schedule. Exempt employees will receive their regular salary for a pay period in which the holiday falls. Intermittent employees, as defined in Merit System Rule 1, are not eligible for the holiday benefit, but may receive holiday pay.
3. If a non-exempt employee eligible for the holiday benefit is required to work on a holiday, and the department is unable to give the employee holiday benefit time off within the work week, the employee shall receive the pay he/she would have received for the holiday benefit plus the following holiday pay:

Actual or Observed Holiday - 1½ times regular pay rate for time worked, minimum two (2) hours.

If a non-exempt employee eligible for the holiday benefit is required to work on a holiday, and the employee receives the holiday benefit time off within the work week, he/she shall receive holiday pay for holiday hours worked. At the discretion of the Appointing Authority, the employee may be granted annual leave or compensatory time off and still remain eligible to receive holiday pay for holiday hours worked.

If an exempt employee eligible for the holiday benefit is required to work on a holiday, and the department is unable to give the employee holiday benefit time off, the employee shall receive the pay he/she would have received for the holiday benefit and he/she shall be credited, in the form of straight-time compensatory time, with the number of hours worked on the holiday, not to exceed eight (8) hours.

4. Holiday Benefit & Workers' Compensation
  - a. An employee eligible for the holiday benefit, who elects to use annual leave, sick leave, or compensatory time to supplement workers' compensation benefits, shall receive as holiday benefit the equivalent to the daily amount of compensatory time or leave banks utilized to supplement worker's compensation benefits.
  - b. An employee eligible for the holiday benefit, who works modified duty and is also compensated by workers' compensation benefits, shall receive the holiday benefit based on his/her work schedule.
5. An employee eligible for the holiday benefit, who is on an approved medical leave of absence without pay, and who chooses to use his/her accrued sick or annual leave, or compensatory time, in conjunction with leave without pay, shall receive the holiday benefit based on his/her work schedule. Catastrophic leave hours and/or unpaid hours will not be calculated nor applied for these purposes.
6. An employee eligible for the holiday benefit, who is on an approved leave of absence under the Family and Medical Leave Act, and who is using his/her accrued sick or annual leave, or compensatory time, in conjunction with leave without pay, shall receive the holiday benefit based on his/her work schedule. Catastrophic leave hours and/or unpaid hours will not be calculated nor applied for these purposes.

G. Shift Differential Pay

Qualifying departments are listed on Attachment I to this policy.

1. Definitions
  - a. "Evening shift" means a work shift in which more than half of the hours worked fall between 5 p.m. and midnight.
  - b. "Night shift" means a work shift in which more than half of the hours worked fall between midnight and 8 a.m.
2. A non-exempt employee, as established by Merit System Rule 1, who works an evening or night shift as defined in G.1, shall receive shift differential pay of sixty cents (\$0.60) per hour for evening shift and sixty-five cents (\$0.65) per hour for night shift, in addition to the current hourly rate for each hour worked on the shift. Eligible employees shall receive shift differential pay for all hours worked on the shift as defined in G.1 above.
3. Only eligible employees who are actually working (i.e., not using annual leave, sick leave, compensatory time, any type of paid leave, or receiving holiday benefit) are eligible for shift differential pay.

H. Special Assignment Pay

Additional compensation may be authorized by the Board of Supervisors for certain employees who perform hazardous duty (duty which imperils or endangers an employee), or other duty under special circumstances. The Appointing Authority shall annually submit a request to the County Administrator with justification for the special assignment pay no later than July 1.

I. Multilingual Compensation

1. An employee may receive additional pay for providing sign language or non-English language services if the employee's duties require multilingual capability.

Qualification and eligibility requirements for multilingual compensation are set out by administrative procedures.
2. Multilingual pay is subject to rescission at any time. Rescission of multilingual pay does not constitute a disciplinary reduction in pay and is not grievable or appealable.
3. Only eligible employees who are actually working (i.e., not using annual leave, sick leave, compensatory time, catastrophic leave bank hours, any

type of paid leave, or receiving holiday benefit) are eligible for multilingual pay.

J. Attachment(s)

Changes may be made to attachment(s) to this policy by Human Resources, with County Administrator approval.

ATTACHMENT I, Pima County Personnel Policy 8-102

Departments with Evening & Night Shifts

County Attorney's Office (Criminal Division Legal Processing Support Unit)  
Facilities Management  
Health (Animal Care)  
Information Technology  
Justice Court Ajo  
Justice Court Green Valley  
Justice Court Tucson  
Library  
Medical Examiner  
Regional Wastewater Reclamation  
Sheriff  
Transportation

# **ATTACHMENT 2**

## Sheriff - Personnel Services Account History (General Fund)

	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>Variance</u>
<b>Vacancy Savings (5408)</b>			
FY 2016/17	(1,800,000)	- 3	-
FY 2015/16	(1,800,000)	- 3	-
FY 2014/15	(8,200,000)	- 3	-
FY 2013/14	(8,850,000)	- 3	-
FY 2012/13	(10,000,000) 2	- 3	-
FY 2011/12	(800,000)	- 3	-
FY 2010/11	(800,000)	- 3	-
<b>Combined Special Pay (OT, On-Call, Shift Differential, Holiday, Special Assgmt)</b>			
FY 2016/17	2,646,924	3,311,680 1	(3,743,800)
FY 2015/16	2,519,536	6,263,336	(221,637)
FY 2014/15	4,883,156	5,104,793	432,271
FY 2013/14	4,894,192	4,461,921	20,057
FY 2012/13	4,862,868	4,842,811	331,458
FY 2011/12	4,880,799	4,549,341	980,886
FY 2010/11	5,158,728	4,177,842	
<b>Overtime</b>			
FY 2016/17	860,900	1,655,135 1	
FY 2015/16	786,861	2,872,775 4	(2,085,914)
FY 2014/15	1,574,705	1,778,410 4	(203,705)
FY 2013/14	1,573,464	1,130,134 4	443,330
FY 2012/13	1,573,464	1,444,806 4	128,658
FY 2011/12	1,574,898	1,251,617	323,281
FY 2010/11	1,577,245	962,924	614,321
<b>On Call Pay</b>			
FY 2016/17	752,819	678,328 1	
FY 2015/16	657,636	1,539,666	(882,030)
FY 2014/15	1,176,808	1,417,618	(240,810)
FY 2013/14	1,176,808	1,250,913	(74,105)
FY 2012/13	1,176,808	1,202,470	(25,662)
FY 2011/12	1,176,801	1,175,500	1,301
FY 2010/11	1,176,783	1,145,670	31,113
<b>Vacation/Sick Payout/Parking Subsidy/Paid Parental Leave/Initial Appearance Pay (5435 - 5442)</b>			
FY 2016/17	-	339,669 1	(339,669)
FY 2015/16	-	1,194,711	(1,194,711)
FY 2014/15	-	724,360	(724,360)

**Notes:**

1- amounts reflect YTD actuals based on final Period 5 amounts

2- increase in vacancy savings coincides with the addition of 199 PCNs approved by the BOS in May 2011; these PCNs were added without funding to eliminate double-filling positions

3- actual vacancy savings do not appear in reports

4- actual amounts reflect the total for the object; there is a portion of these costs that are charged out to various other departments and special revenue funds in object 5429 (Labor Distribution Salaries Charged Out