

City Council – Action Request Form

Date: October 12, 2021

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Ben Rowe, Assistant City Manager
Dr. Marquis H. Barnett, Human Resources Director

Council Action Requested:

Resolution Authorizing the City Manager to Provide a \$1,000 Incentive to Employees Vaccinated From COVID-19

Strategic Focus Area: Service Excellence

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

Over the last several months, the Delta variant of COVID-19 has contributed to a rise in positive cases and hospitalizations. In an effort to increase the vaccination rate among City employees, the City Manager offered eight hours of paid time off for employees who provided proof of full vaccination. Less than 900 employees, or approximately 34%, took advantage of this benefit.

The pandemic continues to impact the City workforce and operations with increased costs, lost time away from work, loss of accrued personal time, and impact on employees' physical and mental health. In addition, the Occupational Safety and Health Administration (OSHA) currently is developing a rule to require employers with more than 100 employees to mandate vaccines for all employees and weekly testing for all remaining, unvaccinated employees. Considering these challenges, City management, legal, and human resources staff have drafted a vaccination policy with the goal of increasing safety in the City workplace. The policy would provide financial incentives to increase

Committee Action:

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| Committee | <u>CDHGG 10/12/21</u> | Action | <u>Forwarded without Recommendation</u> |
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| For | <u>Unanimous</u> | Against | <u></u> |
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Remarks:

the vaccination rate, as well as new requirements for unvaccinated employees. City staff have held meetings with staff in North Carolina peer cities to discuss the provisions of their draft policies. The attached table compares their draft policies in the following areas: vaccination incentive, future incentive, testing, cost of testing, cost share, discipline, and effects on promotability.

Vaccination Incentive

Upon approval of the policy, City employees would have six weeks to provide proof of full vaccination to be eligible for a vaccination incentive payment. Full-time employees would be eligible for a one-time, lump sum payment of \$1,000; this incentive also would be available to full-time temporary employees. Part-time employees would be eligible for a one-time payment of \$500. There would be no partial credit and no partial payment. After the six-week incentive period, the incentive payment would be reduced by half.

Based on 100% vaccination of approximately 2,600 full-time and part-time employees, the estimated cost of the incentive could total up to \$3.8 million, including benefits. City staff have consulted with UNC School of Government faculty and have determined that the City's allocation of Coronavirus Local Fiscal Recovery Funds could cover the incentive payment for newly vaccinated employees, or \$1.5 million. The remaining \$2.3 million for previously vaccinated employees would be paid from Risk Acceptance Management Corporation (RAMCO) funds. Based on the employees who reported their vaccination status to receive the paid time-off benefit, the estimated cost of providing this financial incentive to just the employees who are currently vaccinated would total \$879,000.

Exemptions

Under the Americans with Disabilities Act and Title VII of the Civil Rights Act of 1964, employees would be able to request a medical or religious exemption from vaccination. Employees would be required to provide documentation supporting their exemption and would have to sign an Exemption Affidavit, if approved after a screening process with Human Resources staff. These employees would not be eligible for the vaccination incentive. They also would be required to adhere to reasonable accommodations such as wearing a face mask, working a modified shift, and/or periodic testing.

Testing Period

After the six-week incentive period, unvaccinated employees, including those with medical and religious exemptions, would have to submit to weekly testing for four weeks and provide negative test results to work. According to U.S. Department of Labor guidelines, the City would pay for the testing, and employees would be allowed to get tested on City time, if it does not impact City operations and services. Non-exempt employees may be paid overtime, if warranted, and exempt employees may have to test on their own time. Rapid tests would be acceptable as proof of a negative test result, but home testing kits would not be acceptable. Unvaccinated employees without medical or religious exemptions would not be eligible for promotion.

If an employee's test result is negative, they would report to work on their regular schedule. If they test positive, they would follow the City's existing protocols for positive COVID-19 test results. An employee who refuses to get tested would be subject to disciplinary action up to, and including, termination. If an employee misses a test, they would be suspended one day without pay for the first missed test and terminated for a second missed test.

During the four-week testing period, the City Manager would provide a report on the policy's effectiveness to the Mayor and City Council and would seek direction on the next course of action, which could include termination of unvaccinated employees without medical or religious exemptions.

Other Considerations

The average cost of a COVID-19 test with an approved, in-network facility is \$54. Using all employees who have not shared their vaccination status as a baseline, the estimated cost to test unvaccinated employees under the City Manager's administrative policy would total approximately \$90,600 *per week*. To defray part of this potential cost, the proposed administrative policy gives the City Manager the authority to explore the implementation of a surcharge on the health insurance premiums for unvaccinated employees.

Newly hired City employees, on or after the policy goes into effect, would be required to provide proof of full vaccination as a condition of employment. If requesting a medical or religious exemption, they would have to go through the same review process and sign an Exemption Affidavit. Newly hired employees would not be eligible for the vaccination incentive.

The attached resolution authorizes the City Manager to provide a financial incentive for fully vaccinated full-time and part-time employees, including full-time temporary employees, as described above. The resolution also preserves the City Manager's authority to review the efficacy of future COVID-19 healthcare-related measures including, but not limited to, a health insurance premium surcharge for unvaccinated employees.