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## MEMORANDUM

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TO: Mayor Walker and Councilors  
FROM: T Peters, Finance Director  
SUBJECT: **EXEMPT Salaried Staff Pay**  
DATE: May 25, 2021

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### **Background:**

The City has been breaking down the exempt salaried staff pay to an hourly rate for the processing of payroll. Some time ago, it was determined that this calculation should be an employee's annual salary divided by 2,087 hours. This was determined based on the need to account for the 27<sup>th</sup> pay period which would come around every 7-11 years. However, in doing so, employees would not make the full salary that they were promised in their offer letter.

### **Analysis:**

After multiple attempts to survey other cities with only three responses, the Government Finance Officers Association sent out an article on "Twenty-Seven Pay Period Perspectives." Please see attached.

### **Recommendation:**

Staff recommends stopping the practice of dividing exempt annual salaries by 2,087 to come up with the hourly rate and instead divide exempt annual salaries by 2080. Further, it is recommended to backdate this practice to January 1, 2021, as the city just had a 27<sup>th</sup> pay period year in 2020.